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The World Economic Conference.

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The much-advertised World Economic Conference has broken up almost in disgust. Five weeks of meandering economic discussion have not led us anywhere. World opinion, in any event, has not been divided about the work of the Conference. But undue enthusiasm was displayed by some of the delegates and publicists who have vested this Conference with partial success. These individuals point to the tentative settlement of the silver question and the wheat problem. But, it is obvious even to the uninitiated that the World Economic Conference was doomed to failure, right from the beginning.

The World Economic Conference is initially delimited by the prevailing economic depression in the world during the post-war era. It has now become the fashion to insist that reparations and war debts are at the bottom of the present crisis. In my opinion there is no doubt that such contention is not altogether unfounded in facts. With transference of gold from one country to another and, more than that, transference of goods and services towards the liquidation of unsettled payments, reparations and war debts are bound to introduce an element of chaos into the economic system of the world. The debtor countries are naturally denuded of useful commodities when they were driven to export them towards liquidation of commitments mostly forced upon them as in the case of the reparations in Germany, Austria and elsewhere, and sometimes voluntarily undertaken as in the case of war debts in England, France, Italy and others. The wholesale withdrawal of gold in this manner is sure to dislocate the national currencies of the debtor countries. Witness what is happening in Austria during the post-war era. There is complete economic and financial collapse in that country and all the spoon-feeding done by the League of Nations in the shape of periodical doses of international credit has been of no avail at all.

As for the creditor countries, the situation is none the better. Even Uncle Sam faced the music when the Wall Street collapse of 1929 took place. Gold was profusely pressed from all the debtor countries, in all twenty-seven. But what is to be done with this inert gold? The only result of this glut of the home market would be speculation on the stock exchange, and the Wall Street crash is but a direct result of an ever-expanding but certainly spurious industrial system in the country which could not find adequate markets in the above-mentioned debtor countries and others where the purchasing power of the individual has been demonstrably weakened as a result of these reparations and war debts arrangements.

Thus was the vicious circle started in the wake of these two unmoral arrangements. Numerous further developments of a more complicated character took place during the past 15 years in particular. The post-war flush of industrial activity in almost every country developed a system of operations which became extremely nationalistic and punitive in character. Exchange of international commodities became impossible day by day. And now it can be claimed without exaggeration that world trade has contracted to a very distressing point. In a series of calculations which the London *Economist* has published very recently, it was stated that in the first quarter of 1929 the total world trade was fifteen thousand millions of gold dollars. In the same period in 1930, 31, 32 and 33 the

figures were *thirteen thousand millions, nine thousand millions, six thousand millions* and five thousand millions. That is to say that world trade has fallen in value by two-thirds during the past five years. It must be remembered here that these figures represent the money value of the entire commerce world. But from the commodity basis, the decline in the world trade is not as drastic as is indicated above, but only a 26 or 27 per cent contraction in the actual volume of international trade was registered during the same years.

The difference between the above two indices is easily explained in the following manner. *The greatest amount of havoc to* international trade and economic solidarity in the world has been done by the precipitate and disastrous fall in commodity prices. A series of composite index-numbers worked by the *Economist* from the year 1923-25 (which is the base) right down to 1932 indicates that the world prices have fallen during this period by as many as 75 points. These index-numbers are drawn from a collection of prices of *coffee, cotton, rubber, silk, tea, sugar, tin* and wheat. Taking 1923-25 as the base, the index-numbers for February 1933 was indicated by only 24.9. So much so, it is obvious that the disparity between a commodity appraisal of international trade and a money equation for the same is explained by this precipitate fall in the price levels of basic commodities in the world.

The net result of this shrinkage in the value of world trade is the economic ruin of the producers of primary commodities such as the agriculturists, planters and miners. In a country like India which usually possesses a vast *exportable foreign trade in primary* commodities this fall in world prices has produced the greatest amount of distress. The Indian agriculturist is now receiving perhaps about four annas in the rupee which is due to him according to the immediate post-war calculations. Indebtedness, local as well as *international, has thus become a very serious* menace. The money values of previous commitments have assumed to-day disproportionate and certainly impossible dimensions.

The fluctuations in the gold-silver equation have again contributed towards further depressing the already depressed economic *position of the world. Occasionally, a country* like Japan has so thoroughly and deliberately debased her national currency in order to obtain a definite advantage over other industrial nations in the world market. The supre*macy of Japan's economic penetration int the world markets has now become a settle* fact. This supremacy has two results of a opposite character. In the first place an arti ficial stimulus is given to Japan's export trad at the expense of other industrial nations particularly in the textile lines. But Japan' population has been subject to the greates *amount of sacrifice and privation.* A simila parallel can be obtained from the recen history of the dumping of wheat, timber and oi by Russia and of coal by Belgium. Pric discrimination is not an unknown featur even to the orthodox economists, but thi process of commercial sabotage indulged ir *by a few governments has now produced a* set of circumstances which is sure, as it ha already done, to shake the economic founda *tions of the world. This is one of the reasons* why the National Government in England wa worried to death in 1931-32 "to rectify th adverse balance of trade". This is als partially the reason why England was compelle to establish the Exchange Equalisation Fund

The net result of the above analysis lead to the *conclusion that the besetting problen* of the World Economic Conference centre round over-production and under-consump tion. In other words, there is mal-distribu tion widely rampant in the world to-day. Th collapse of prices has logically led to the puttin up of world stocks of primary products *This inordinate storage of consumable good* is the direct result of the hope that price might improve in future. Prodncers of pri mary goods all over the world have been lulle into a false sense of security supplied by thi hope and a piling up of the world stocks ha been steadily going on since 1925. Takin the years 1923-25 as the base year, indice of world stocks of primary products are a follows: 1927—144, 1931—264, 1932—263 and January 1933—265. That is to say world stocks of primary products have almos doubled themselves during the past seve years.

There is no doubt that this accumulatio of world stocks of primary products has a much to do with, in fact has much furthe precipitated, the *economic collapse of th* world as the steady decline in the commodit prices during the post-war era. It was esti mated that the price of wheat in the U. S. A has gone down to a level never touched sinc 400 years ago. This is the direct result c the policy of the Federal Farm Board in th U.S.A. and the *Wheat Pool in Canada*. Direc Government assistance to farmers in th

aape of this wheat concert is symptomatic f the panic as well as the desire for specific ocal relief which the Governments all over ne world are being faced with. Economic ationalism has thus come to stay and whatver may be the general desire of the inter-itional community to solve international roblems internationally, jingo politicians as 'ell as cautious industrial magnates have inged themselves with their respective governients in trying to apply the lancet instead of ie wholesome potion of the physician to cure ie economic ills of the world.

WORLD ECONOMIC CONFERENCE AT WORK.

The World Economic Conference in London as been logically called upon to apply itself owards seeking a remedy for the above evils. ut right from the beginning impossible contions prevailed and unanimity on the agenda as not forthcoming. Initially, the Confere was faced with the serious handicap of merica refusing to include in the agenda ch important questions like the war debts. eople expected that London would set the al to the work inaugurated at Lausanne d Basle which produced a final balance eet of European inter-governmental debts. ie rent in the financial world is represented the Sterling-Dollar countries led by igland and America on the one hand and the old-bloc sponsored by mighty France and r satellites led to serious trouble when the nference tried to work out a suitable inter-itional monetary standard. Thus the Monery Commission of the World Economic Conrence failed to reach agreement between emselves and such a small country like olland would perhaps have bad broken up e Conference but for the fact that this queson of international currency stabilization is jettisoned at least for the time being.

As regards the stabilization of commodity ces by the Economic Sub-Committee of the orld Economic Conference, America proved be the stumbling block. In the first place, two countries would see their way to agree a definition of the base year because of the t that internal price levels in individual intries follow more their respective curcy positions and production indices than ernational tendencies. As Prof. Irwing sher has demonstrated, Uncle Sam would e to wait till a definite improvement in the ierican price situation takes place. Taking 25 as the base year, the commodity price ex in America early this year is somewhere out 54. Would America stabilize at this low level? Certainly not. Hence the world must face the music of economic particularism. To equate the respective commodity price levels in the world and to arrive at a definite basis on which the world prices can be stabilized and equated to a stable international currency standard is almost a herculean task and in this the World Economic Conference has failed deplorably.

The World Economic Conference ought to have been guillotined a long time ago but the anxiety of international statesmen to save face has produced a lingering death after over five weeks of confused effort at London. We are told that the Conference would again resume its work, but, as realists, we can safely come to the conclusion that the Conference was but an utter failure.

But qualified in the following manner, the wheat question has been no doubt assailed with a sufficient degree of warmth. There is no doubt that wheat as well as silver are of primary importance to America than any other economic problem. And in both these instances American co-operation with Europe and the rest of the world has produced some definite, though fugitive, results. Agreement on restriction of further silver output, on payment of war debts with the white metal and on comparable quotas which each silver country must conform to before they dispose of silver on the world market, has been claimed to be the most outstanding result of the World Economic Conference.

But the American delegation was unable to maintain a united front at the Conference. President Roosevelt himself being new to office could not come to quick and fundamental decisions to make the Conference a success. Hence the slow death, as I have said above, of London where Lausanne and Basle were such ontstanding successes. It is claimed by the Indian delegation that for India this silver agreement is bound to be of substantial benefit. A similar claim was put forward in extenuation of the flight of gold from our country since September 1931. Indian gold, and, we are told, inert Indian gold was digged up for the benefit of the entire mass of the Indian community, and Indian gold was demonstrated to be extremely chivalrous in coming to the rescue of the declining pound-sterling, and to-day if Ottawa has blessed us economically and heroically, the World Economic Conference has solved the problem of Indian silver trinkets and utensils. The presumption is that the price of silver would go up as a result of this restriction of output,

Prophesying in the economic field is not an easy task, but I for one cannot see my way to accept this claim of interested international financiers. In any case stabilization of silver can at best be a disconnected fact, isolated from constructive effort which cannot possibly take a full view of the world economic depression and affect the necessary remedy.

We have now come to be so thoroughly accustomed to the failure of International conferences that we need not wail over the break-up of the World Economic Conference. Ostensibly to pave the way for the success of this Conference the Disarmament Conference, which was dragging on a miserable existence at Geneva from February 1932, had been adjourned. I very much doubt whether its resumption is going to be of any material advantage to the World Economic Conference. Party shibboleths and high-sounding slogans have been our besetting sin. We are told that economic disarmament must precede military disarmament. And in so far as the World Economic Conference failed to secure the first, it would be impossible for us to expect anything tangibly beneficent from the other mammoth Geneva farce.

The failure of the World Economic Conference is bound to give a fillip to further economic nationalism in the world with its concomitant inter-statal economic warfare. After all, Charles Darwin may be right. After all, again, Karl Marx is equally right. The Survival of the Fittest and the Materialistic Conception of History have thus become strange bed-fellows. At least this is the verdict of the World Economic Conference, if I am not altogether mistaken.

Canadian Trade with Asia.

Canada has made great proportionate progress in her trade with Asia and Pacific countries when her trading possibilities are contrasted with those of the United States of America, Mr. Robert H. Coats, Dominion Statistician, told the fifth Pacific Science Congress at Vancouver, B.C. He referred to a brochure prepared by the Dominion Bureau of Statistics, recording Canada's trade with countries in these areas for the years 1923 to 1932 inclusive. Imports into Canada from Asia during this period decreased 54.8 per cent. and exports thereto 37.1 per cent, Mr Coats declared, while imports into the United States from Asia during the same period decreased 64.5 per cent and exports 42.9 per cent. Canadian imports from Oceania increased 121.8 per cent in the 10-year period. Canada's total Asiatic and Oceanic imports in 1932 were $22,671,000, and exports to these countries in that year were $36,292,000. The Robin Hood Mills, a well-known milling company, with offices and mills from coast to coast, announce that salaries will be advanced 10 per cent owing to an improvement in conditions. Mr. Charles Ritz, general manager of the company, has issued the following statement:—"I have just returned from a trip through Western Canada, and must say it is several years since I have seen the crops looking as well as they do now. Moisture is plentiful everywhere, and even Southern Saskatchewan, which has suffered so much from drought the last few years, has had copious rains and the crop there is making good headway. Altogether I found a spirit of optimism on the Prairies. It is really remarkable how many people who have been through extreme hardship the last two or three years show such wonderful courage and recuperative power. Business generally during the last 60 days or so has shown some improvement with us, both in the domestic and export markets. This may be accounted for by the fact that stocks in buyers' hands were generally very light and the advance in the market influenced purchases for future shipment in greater quantities than has been the custom during the past year or so. There is no doubt the general advance in commodity prices will shortly be reflected in a retail way, and we have just announced to all employees from coast to coast an advance in salaries of 10 per cent, effective on July 1."

Money talks—and it generally says "good-bye".

* * *

If you can say "It's a braw, bricht, moonlicht nicht, the nicht"—ye'r alricht, ye ken.

* * *

If you're always guardin' against the big things, the little ones 'as you, as the sergeant said at Wellington Barracks when he was bitten by a flea.

* * *

The young man about to be married who was advised to try to make a little money first found later that he had to try to make a little money last.

Towards National Self-Sufficiency.

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The old ill-adjusted world economy is passing away: a new world economic order is taking its place. The exact nature of that new order has not become clear. All far-seeing statesmen would like to see the emergence of a carefully planned world economy, but for the present a planned economic nationalism is vigorously coming into the forefront. In Russia, it has taken a communistic form; but in Italy and Germany, it has taken other forms although equally autarchic. To-day the largest of the economically developed countries is launching on the same course under a semi-dictator, and quite possibly, more countries may follow on the same path of economic self-sufficiency. A general survey of the trends of development has become necessary at this stage.

1.

At the close of the 19th century, world economy was based on a not very equitable division of labour between one part of the world which produced raw materials and the other part which turned them into finished goods. Roughly, the division was between Western Europe and the rest of the world. Certain regions in Western Europe and some in North America specialized in the large-scale manufacture of goods; and countries in Eastern Europe, Asia, Africa and South America became the market for the sale of Western Europe's finished goods and for the purchase of raw materials and foodstuffs which were abundantly produced in those continents. Great Britain held the hegemony of the industrialized West, and not only did she become the factory of the world but also came to manage the shipping, banking, insurance and foreign exchange for a good part of the world. As a result of the great profitableness of these occupations, wealth increased fast in Western Europe, and although it was not equitably distributed, it gradually filtered down to the masses, and in result there arose in Western Europe, especially in England, a standard of comfort which till the War was the marvel of the whole world.

While thus the national dividend of the industralized Western countries was growing rapidly, the economic position of the rest of the world showed no appreciable sign of improvement. It is a well-known fact that the exchange of products between industrial and agricultural countries has been long going on at a loss to the latter. Even in the opinion of so cautious a statistician as Sir Josiah Stamp, "the world as a whole and over a given length of time has almost certainly been fed below cost price for the last 100 years, if one takes into account the proper elements of cost"*; and this view has been supported by other equally competent students.

Indeed where agriculture has become capitalistic and on the large-scale—chiefly by the capital and enterprise of European settlers—there has been an increase of economic prosperity and a slight rise in the standard of comfort even of the native people around; but in India and China, which contain nearly half the world's population, small-scale agriculture and uneconomic holdings persist and no appreciable economic improvement has taken place till quite recent times. The purchasing power of the Indian agriculturist can be judged by the fact that even in 1928, a year of high prices, his *per capita* income was computed at Rs. 45 per annum.† In the same year, the average income of the American agriculturist was about Rs. 900 and that of the American industrialist about Rs. 2,300 per annum.

The result is a disharmony of the most unfortunate type. On the one hand, we have a highly efficient machine industry in the West, ready to produce tons and tons of goods at rapidly falling prices; on the other, we have the hungry masses of India and China and Africa who are unable to buy those goods even at falling prices, because their pruchasing power is incredibly low. Recent achievements of machine industry in speed and efficiency have beaten all record, and to-day a single labourer with the help of an up-to-date machine can do work which even in the middle of the 19th century took hundreds of labourers to carry out.‡ The limiting factor is therefore no longer production, but consumption. There has been a lag in purchasing power, a lag which to-day offers a powerful resistance to the increase of production all over the

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* *World Agriculture—An International Survey* (1932), p. 260. See also the views of Sir Thomas Middleton, the Rt. Hon. Ormsby-Gore and others, pp. 255-259.

† *Indian Central Banking Committee Report*, p. 39.

‡ Several astounding examples are found in Arkwright, *A.B.C. of Technocracy*; and Julian Huxley, *The Age of Planned Power.*

world. Such a lag is perhaps inherent in the present system of industry and currency;* but it has been aggravated by the type of world economy which obtained till lately. The industrial countries went on accumulating capital, and continued to produce consumable goods of fine quality, but the agricultural countries, where dwell the bulk of the world's population, have not the wherewithal to purchase them, in spite of their moderate prices. The industrial nations did not realize the fact that their prosperity is dependent on the prosperity of the agricultural countries: and they went on perfecting the technique of production leaving consumption to automatic adjustment. Shrewd observers knew that a world economy based on such disparity cannot long function, and they predicted that nemesis would pursue the steps of the industrialist when the impoverishment of the agriculturist would affect his selling powers.†

Such a nemesis has already arrived, and the world to-day is in its grip. World prices have slumped heavily: but the agricultural prices have slumped more heavily than non-agricultural prices. In the U.S.A. the prices of farm commodities have fallen by nearly 60 per cent from the level of 1929, but the prices of finished products have declined only by 24 per cent.‡ Even before the trade depression, industries were faced with the stone-wall of under-consumption in the populous agricultural countries; and now, with such wide disparity between the price of raw materials and finished goods, the agriculturist's purchasing power has shrunk by more than one-half: this meant that his income would hardly suffice for fixed charges such as interest, rent and taxes, and that his purchases have to be very restricted. It is said that there is an over-production in several commodities, but when such over-production exists in a world where full three-fourths of the population are ill-fed and ill-clothed, it is clear that the real cause is the lag in purchasing power, inherent in the present industrial system and in the present distribution of wealth between agricultural and industrial countries. Restriction of production cannot be the proper remedy for such a malaise; as Mr. Neville Chamberlain suggested, expansion of consumption would be the best solution, and consumption cannot be expanded when the world's total dividend is so unequally distributed between the different countries and economic groups.

We have thus come to a critical stage in the world's economic development. World economy, based on a haphazard division of labour between raw-material producing and manufacturing countries, has been tried and found wanting. Agriculture has been the cinderella of world economy; it must do all the dirty jobs, but it got a paltry remuneration for such work. Industry and trade obtained the bulk of the surplus, and they flourished for a time by an inequitable system of distribution, but this cannot go on for ever. It has brought about an economic collapse of unprecedented magnitude. The world cannot recover from this mess, unless the relationship between agriculture and industry is more equitably adjusted. Machine industry has worked wonders, but its propress is now seriously marred and the fate of the competitive system of industry is hanging in the balance.

To-day man knows the secret of producing all his requirements in large quantities and at small cost, and thus the gloomy forebodings of Malthus have been falsified. But the folly and greed of man stand in the way of all these achievements being used to maximum advantage. Any improvement of this state of things can only come by ushering in *a planned system of world economy*—one in which the world's total income will be more equitably distributed between the different countries and economic groups.

II.

There is to-day a wide-spread dissatisfaction about tariffs, import quotas, exchange restrictions and other impediments to trade. These are all wicked devices indeed, but they came into being for the protection of national industries against the unfair competition of imports especially from countries with bounty-fed industries and depreciated currencies. Under the protection of the tariff, 'new' countries in Europe and Asia sought to develop their 'infant' industries and the 'old' countries wanted to foster their 'key' industries. Even before the War, tariff walls were in existence, but they became much higher in the abnormal conditions during the War. Besides tariffs, there arose also requisitions, controls, priority systems, prohibitions (of imports and exports), price fixation and government monopolies, all of which impeded

* See in particular, P. W. Martin, *The Purchasing Power*.

†Sir Josiah Stamp, quoted in '*World Agriculture*, p. 260.

‡*The U.S.A. Year Book of Agriculture* (1933), pp. 3, 4.

the free movement of trade. After the War, there was a powerful wave of economic nationalism chiefly in the newly formed states of Europe, which have been busy developing their manufactures. At first, the tariffs were mostly imposed on finished goods, but subsequently raw materials and foodstuffs were also included in the list in most European countries as they feared that the cheap imports from new lands would injure their agricultural interests.* The situation was further aggrevated by the abandonment of the gold standard in several countries in 1931, and then followed a frantic increase of tariffs all round, exchange restrictions, export and import quotas and other devices, which have cumulatively brought international trade to the present parlous condition.

Indeed tariffs are a very imperfect implement for protection; they burden the consumer, and create vested interests. Once a tariff is imposed, it would be extremely difficult to see it abolished, even after the circumstances which called for it have passed away. In a country like India where agriculture is the predominant occupation, it is easy to make the tariff a means of benefiting the well-to-do classes at the expense of the poorer sections of the community.

One may admit all this, but still one may not find the way clear for the immediate reduction of tariffs. Roughly the principal motives behind the recent increase of tariffs are revenue and protection. The Government of India obtains the bulk of its tax revenue from customs duties, and unless a radical economy is effected, or some windfall comes into hand, one cannot see how this Government can reduce its tariff substantially in the near future. The protective tariff may be reduced to some extent, provided currencies of the countries that have abandoned the gold standard can be stabilized. Even if this is done, a good part of the protective tariff will remain in the case of those countries which are intent on protecting infant industries. Such protection of national industries can be justified by a number of powerful reasons, and it is too late in the day for economists to inveigh against it, with arguments which found favour with their early Victorian predecessors. Even J. M. Keynes, who ten years ago considered free trade as based on indisputable fundamental truths, has come to think that the advantages of international division of labour are not at all comparable with what they once were.† Indeed tariffs may not be, perhaps are not, the most effective and the least harmful means of fostering industrial development. This is a matter on which each country must make up its mind, although some advice from international bodies might be helpful, especially at this juncture.

The nations assembled at the World Economic Conference, both in 1927 and in 1933 have denounced tariffs, but they have so far done nothing beyond preaching a counsel of perfection. Tariffs cannot be abolished, cannot be even lowered substantially, unless (*i*) public expenditure in the different countries is rationalized, (*ii*) currencies are stabilized, and (*iii*) the industrial ambitions of the different nations are somehow reconciled. The last is extremely important, because if the conflicting industrial ambitions of the nations remain, protective tariffs will not be lowered. Lancashire, India and Japan are to-day competing for a dwindling market in cotton textiles, and so long as this is going on, India, which has a growing single cotton industry, will have to impose a protective tariff on her textile imports or resort to some other device by which imports can be kept below a limit. Indeed there are means for reconciling the interests of all the three countries and let us hope that it will soon be done. Similarly, the ambitions of the different countries in important lines of production, both industrial and agricultural, must be examined and an attempt must be made to recondition the world economy on a new plan, locating each industry on such spots as are best suited for it and even indicating, if possible, the line of production and zone of marketing for each. Thus the economic equilibrium of the world can be restored by readjusting the relationship between the different groups of countries and of different economic groups, in such a manner as to maximize the world's national dividend and distribute it in the most equitable manner.

The World Economic Conference which has just conluded its sittings has achieved practically nothing in this direction. It talked of tariff truce, currency stabilization and international agreements for restricting the production of some important commodities, but it has not come to any definite settlement on any of those issues. To talk of tariff truce without effecting currency stabilization would be futile; and it is out of the question to raise

* *World Economic Survey* (1932), pp. 279-80.

† *The New Statesman and Nation*, July 8, 1933.

prices without pursuing these and other international lines of action. There are powerful vested interests to count with, and in particular there is the Roosevelt programme of internal economic action on which the United States has set its heart. Now that the international economic programme has failed, at any rate for the present, the alternatives will be a rampant economic nationalism, each country going its own way and scrambling for its markets as best as it could ; or the formation of such groups as the gold bloc and sterling bloc, with powerful free-lances like the U.S.A., Russia and Japan impeding the action of both. There are no signs of a peaceful settlement in the near future ; economic autarchy seems to be the most powerful tendency, but an uncompromising autarchy may produce a clash which would shake world economy to its very foundations.

III.

The idea of economic nationalism has been growing from the latter part of the 19th century and has gained considerably in momentum during and after the war of 1914-18. Till about 1870, Great Britain had practically a monopoly in large-scale industry, but since then Germany, France and the United States succeeded in building up their own industries and they adopted, and in some ways adapted and improved, the methods of machine industry till then pursued by Britain. Thus those nations, especially Germany became formidable competitors of Britain and there set in a struggle for raw materials and for markets. Although those three countries adopted maeihne industry, they did not become so predominently dependent on industry and commerce as is Britain ; they took pains to apply scientific methods to agriculture and developed a more or less balanced economic system in which agriculture, industry and trade found each a prominent place. During the last War, the United States made rapid strides in industrial development and agricultural mechanization, and the unexampled prosperity which resulted from this enabled her to make national self-sufficiency her predominant aim. The Russian five-year plans aim at establishing economic autarchy, and they are having tremendous consequences. Italy and Germany are now pursuing the same goal, although by employing quite different means.

Various circumstances to-day favour the growth of national self-sufficiency all over the world. On the one hand, agricultural countries are vigorously developing their 'infant' industries ; and on the other, industrial nations are exerting every nerve to grow more food within the country, for political as well as economic reasons. As machine industry goes on expanding in the 'new' lands, the market for the industrial products of Western Europe will become more and more circumscribed ; and the greater the success of agricultural reconstruction in industrial lands, the smaller will be the future market for the raw materials and foodstuffs which hitherto came from Asia and America. As the *World Economic Survey* (1932) puts it in a striking passage : "The diffusion of manufacturing equipment and technical knowledge leading to industrial development in backward countries, together with the reluctance of powerful industrial creditor countries to sacrifice their agricultural industries in order to admit cheap foodstuffs, is leading to the gradual narrowing of markets for the great export surpluses of agricultural countries."*

The stationary trend of populations in Europe, and the increasing yield of agriculture per acre by the use of scientific methods tend to further weaken the demand for the staples of agricultural lands. In result, there is likely to be less dependence between the different groups of countries in future, and international trade may further decline.

In several ways, Great Britain is rather unfavourably placed for the adoption of a policy of economic self-sufficiency. The highly specialized industrial system which she has built up can flourish best under a policy of thorough-going free trade, which would enable her to market her finished goods and purchase her raw materials and foodstuffs in the most profitable manner. Not only does her industry produce for the world market, but her efficient banking, shipping and financial system supply the needs of a good part of the world. Nevertheless, even Great Britain has recognized the changing conditions in the world's economic structure and has already launched on a reconditioning of her economic system with the help of a tariff policy suited to her imperial position and commercial interests. The adoption of such a policy by Britain marks an epoch in the world's economic development. Thorough-going free trade is for the time being a thing of the past. Its theoretical advantages still remain, but when the rest of the world pursuing a policy of arrant economic nationalism, not even the most powerful nation in the

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world can afford to maintain a purely free trade policy.

Perhaps this is not altogether unfortunate. The older economists justified free trade on the ground that each country has an absolute or *comparative advantage in the production of* some commodity and that all countries would benefit by each sticking to its own line of production and exchanging its goods with others, free of impediments. In a certain sphere, this will always remain true. France will long continue to produce wine and Ceylon will grow tea, because they have an absolute advantage in such production; but when it comes to comparative advantage, the practical bearings are not quite so clear. As Mr. Keynes pointed out recently, "Experience accumulates to prove that most mass production processes can be performed in most countries *and climates with almost equal efficiency.*"* Indeed this has been due to recent improvements in industrial technique. Even if a clear comparative advantage still exists in some cases, it may be that industrial activity in 'new' countries may discover a *higher* comparative advantage, and therefore, maintaining the *status quo* may not be the most beneficial policy even from the world point of view. To take an example: it may be that Cuba now possesses a comparative advantage in the production of sugar, but when the resources of India are tapped, it may be discovered that this country would produce sugar at a much lower cost. Is it then in the interests of the world to leave Cuban sugar a free play? Indeed it is the interest of the Cuban producers, but it may not be the interest of the world. Let the different parts of the world have an opportunity to develop themselves, and later when it is known by experience which part has the highest comparative advantage, the time will be ripe for a proper system of free trade, and international trade will then be placed on a stable footing.

IV.

Thus a policy of economic isolation is fast developing, and now that the World Economic Conference has failed, it will gain in momentum. There is no doubt that such planned national development will lead to a better balanced world economy and thus diminish the inequalities of distribution, which have done considerable harm in the past. But great caution is necessary in directing this new policy through proper channels. Few countries in the world have the means of transforming themselves into completely self-sufficing economic units. The World Economic Conference of 1927 gave a conditional recognition to the policy of self-sufficiency, but they made it *clear that it was only justified where 'the size,* natural resources, economic advantages and geographical situation of the country' warranted it. But such countries are very few. Not many States in Western Europe can establish such a claim. The United States and Russia are the recognized examples. Indeed the domestic trade of the U.S.A. is much larger than her foreign trade, and she exports only a much smaller proportion of her annual produce than most industrial countries in Europe. She has also vast and diversified natural resources, and has a growing population to exploit them and to serve an expanding home market. With such facilities, she may develop a much fuller form of economic nationalism, but even she cannot be expected in the present circumstances to do without her export and import trade. It may be that exports are a very small proportion of her home production, but even that little has to be exported, and if such exports cannot find a market outside the country, the price of the whole produce will be affected and that may dislocate the whole economic structure of the country. Further, mass production of the most up-to-date type will not be profitable in many lines unless the market is larger than available within the country. The growing creditor position of the U.S.A. is another important factor to be counted with. The great American Republic is now launching on the 'new deal', and time alone will show how her brilliant attempts at planned economic development will react on herself and other countries.

India and China are in certain respects more self-sufficient and it is possible that eventually they will be more successful in such experiments. But in the present circumstances, they can ill-afford to neglect their foreign trade. India exports only a very small percentage of her total annual production. Half the world's rice crop is in India, but she exports very little of it; more than 20 per cent of the world's sugarcane is in India and she exports no part of it. But she has got to export her jute and cotton and groundnut, and would suffer severe hardship if those are not exported. India needs an annual favourable balance for paying her external dues, and with a falling export trade, as now, she has to repay her debts by exporting gold.

* *The New Statesman & Nation*, 8th July, 1933.

Even if complete national self-sufficiency is not attained, several countries can easily succeed in making their economic system much more self-sufficient than it is to-day. Thereby, the old industrial countries will be deprived of their markets, and as it is not easy to readjust an industrial structure, great suffering may result from the growth of economic nationalism. "Countries whose population, equipment, railways and ports have come into being for the purpose of meeting the needs of others will lose their *raison d'etre* and their people must face the prospect of unemployment and a prolonged depression of the standard of living."* It may be that some of those countries have achieved greater efficiency in an industry than their older competitors, but the rapid extinction of an old-established industry is neither just nor calculated to promote world harmony. Such far-reaching changes in the world's economic structure must come as gradual readjustment, and not as a revolutionary expropriation.

In these circumstances, an international effort is essential to reconcile the industrial ambitions of the different nations and to decide on the *lines* of readjustment, and the *pace* of readjustment, of the industrial areas which are to-day imperilled by the onrush of economic nationalism in other lands. But it does not seem likely that such a readjustment would take place by world agreement to which all nations are parties; at any rate, the experience of the recent World Conferences does not give room for optimism. In the absence of such international action, the countries interested must themselves enter into bi-lateral or multi-lateral agreements, with a view to safeguarding their several interests. By such mutual agreements, a gradual readjustment can be carried out, spread over a series of years. They may agree on their respective lines of production and markets and having agreed on these, tariffs between them may be lowered or even abolished, if revenue considerations permit. Trade between them may be placed on a well-adjusted 'quota' system. Several such agreements may gradually create a planned world economy, however crude it may be. In the present circumstances, wisdom seems to lie in such a line of action. Great Britain has already initiated such a policy in right earnest. She has entered into agreements first with the Dominions and India, and next with her other customers in Europe and America; and to-day she is seeking an understanding with Japan. Other countries will have to follow in the wake of Great Britain in this matter. The proper working of such agreements depend upon a number of factors, and from time to time their usefulness will have to be gauged by results.

* *Economist*, June 10, 1933, p. 1229.

V.

Economic internationalism of the old type is therefore doomed, but a new economic internationalism may take its place, if the nations work on an agreed plan. The plan must take into account first and foremost the wide inequalities existing in the present distribution of the world's income between the different countries and economic groups. Western Europe and North America have recently made tremendous strides in industrial production, but all that advance will be in vain unless the rest of the world obtains an effective demand for the commodities made in such large quantities in the West. Shrewd businessmen in Europe and America have already visualized the immense possibilities for Western industry by the increase of purchasing power in Asiatic countries. Henry Ford was asked recently at a dinner what he thought would be the best cure for the trade depression, and in reply the multi-millionaire wrote on the table-cloth with his lead pencil the numbers, 160—300—400, meaning thereby that the future depended on increased consumption by the 860 million people inhabiting Russia, India and China.

Thus, in whatever manner you may view it, from the standpoint of the world or from the standpoint of this country, the economic development of India is one of the greatest problems now facing world economy. Such a development is only possible by careful planning. Let us hope that public attention in this country will soon be directed towards that important problem.

Delhi will overtake Rangoon, very shortly, in the matter of trackless trams. A project for running railless tramcars, was suggested in Rangoon some time ago but has not yet materialized. The Delhi Municipal Committee have sanctioned the plan submitted by the Delhi Electric Supply and Traction Company, for running trackless trams in congested areas in West Delhi. These cars will have pneumatic tyres and are claimed to be almost noiseless—except for the hum of the motor.

Sweden's Monetary Policy.

By Prof. Gustav Cassel.

So long as a country has a gold standard the central bank must maintain the internal purchasing power of its currency relatively to goods at a level corresponding to that of gold. Only if this primary condition is in the main fulfilled will it be possible to maintain the currency at its gold parity as fixed by the State Authorities.

Now, if a country goes off the gold standard, this signifies the abandonment of the standard which has determined the central bank's management of the currency. A logical consequence of this is that the State Authorities will have to set up a new standard to which the central bank must conform. In some cases, however, this consequence of the abandonment of the gold standard has not been realized, the tendency being to leave open the question of the standard of monetary policy. This has naturally conduced in a high degree to increase the uncertainty which was bound to be entailed by the actual abandonment of the gold standard.

When Sweden in September 1931 abandoned the gold standard, doubtless chiefly under the stress of the situation which had arisen owing to its abandonment by Great Britain, a week previously the Swedish State Authorities clearly realized that a new standard for the management of the Swedish currency must be put in its stead. In view of the universal dread of a coming inflation, it was above all things necessary to make it clear to the public that the abandonment of the gold standard by no means signified the relinquishment of all control over the Swedish currency. It was therefore natural that the maintenance of the existing level of commodity prices should be set up as the immediate programme for Sweden's monetary policy. This was in fact the decision taken by the Swedish Authorities, and the Riksbank most conscientiously complied with these directions.

It was evident, however, that Sweden, precisely in order to maintain the gold standard, had followed too long the general process of deflation which had been proceeding in the gold countries. The low price level thus attained was decidedly detrimental to the industry and commerce of the country. A moderate rise in this level of prices, therefore, came to be regarded as desirable. Since it had been shown in practice that the Riksbank still had the fate of the Swedish krona under its control, the Authorities saw no objection to modifying the directions previously given to the Riksbank and setting up *a moderate rise in the level of wholesale prices* as a desideratum. It was in fact on these lines that the Swedish programme of monetary policy was drawn up in May 1932, the extent of the contemplated rise in wholesale prices being limited by the requirement that there should be no appreciable rise in the actual cost of living.

This programme, however, was not effectuated. On the contrary, the Swedish level of wholesale prices from the autumn of 1931 showed a falling tendency, and the official index-number for wholesale prices sank from 110 in September 1932 to 105 in April 1933. In these circumstances it was naturally desired that more definite instructions in regard to Sweden's monetary policy should be given at this year's session of the Riksdag, and that the entire problem should be more thoroughly investigated, especially in connection with the principal questions of monetary policy which were to be brought up at the Economic Conference in London. In the spring of 1933 the Government accordingly appointed a monetary council composed of representatives of industry, agriculture and banking, as well as of experts on political economy. The remarkable thing occurred that this committee actually succeeded in producing a unanimous report with a truly positive content.

In its deliberations on Sweden's monetary policy the committee proceeded from two alternative assumptions. The first of these was that a rise in the world price level would actually be brought about. It was assumed that the big countries would take the lead by simultaneously taking steps to raise the level of commodity prices within their borders. It was further assumed that such co-operation would be accompanied by a stabilization of *the rates of exchange between the principal* currencies, first and foremost of the dollar rate of exchange for the pound. Under such conditions the committee considered that Sweden should not merely follow along in the rise of prices but should also tie her rates of exchange to the leading currencies. The question of a *reversion to a gold standard was not discussed* in this connection.

On the other hand, in so far as basis for such adherence to a general international monetary

system did not exist, Sweden, in the opinion of the committee, should continue to pursue an independent monetary policy. In that case it would first and foremost be necessary to check and neutralize the falling price tendency which had manifested itself in Sweden during the past six months. Over and beyond this, Sweden, in pursuing an independent monetary policy, should aim at a moderate rise in the domestic level of wholesale prices, and it was considered that it might be expected that this could be done without entailing any appreciable rise in the actual cost of living.

The implication involved in these recommendations was that the committee desired a more marked rise of prices in connection with a general rise of prices on the world market.

A cardinal point in the committee report is that Sweden's monetary policy, if pursued independently, should aim first and foremost at regulating the *internal* purchasing power of the currency. A corresponding adjustment of the *foreign* value of krona, as expressed in the rates of exchange, was regarded by the committee as a matter of course. On the other hand, the committee were strongly opposed to a devaluation of the krona, regardless of its internal purchasing power, with a view to gaining commercial advantages. By this recommendation the committee has emphatically dissociated itself from that competition in depreciation of the foreign values of currencies below their purchasing-power parities which during the last few years has contributed, more disastrously perhaps than any other factor, to the continuous decline of the world economy. From the point of view both of monetary and commercial policy, such endeavours are so pernicious that a definitive abandonment thereof must be regarded as a primary condition for the success of international economic co-operation.

In regard to the *means* for effectuating a rise in the domestic level of prices the committee recommended alleviations in the bank rate and in the grant of credits. They, moreover, proposed that the Riksbank should intervene *actively* for the stated purpose, which should also be furthered by the financing of State and communal expenditure on the relief of unemployment. In order to understand the significance of this recommendation it should be realized that Sweden has no established market for short-term State bonds, and thus that the Riksbank has not the same opportunities as the central banks in England and America, for example, to intervene actively on the money market by the purchase of treasury bills. The above-mentioned policy in regard to credits would therefore be facilitated if the Swedish State, to the required extent, financed special expenditure on the relief of unemployment by issuing treasury bills maturing after periods of varying length. Such treasury bills could be taken up by the commercial banks, which at the time of these deliberations had large demand deposits in the Riksbank. This suggestion, however, is based on the assumption that the Riksbank would be prepared to rediscount these bills so that the commercial banks at any moment would find themselves at liberty to meet the increased demands from the industrial world which might be expected to arise in connection with an economic revival. It was moreover considered that the Riksbank should be at liberty to purchase State bonds and treasury bills so far as the bank thought this necessary in order to effectuate the programme of monetary policy which had been drawn up.

It should be particularly observed that there is no question of the State making any direct *demands* on the Riksbank. The committee expressly points out that "in respect of State financial demands on the Riksbank its complete independence should be maintained". In order to grasp the meaning of this statement it should be borne in mind that the Swedish Riksbank, though a State bank, is nevertheless entirely independent of the Government. It may be regarded as an institution which, so to speak, is owned by the Riksdag. The latter, however, merely gives general instructions for the management of the bank: in regard to credit policy and the meeting of State financial demands the Riksbank has an independent position even as against the Riksdag. The fact that the importance of maintaining this independence has thus been strongly emphasized must be regarded as an adequate guarantee against any inflation entailed by fiscal requirements. The Riksbank, as the committee observe, "should not be given any instructions in regard to monetary policy beyond those which are involved in defining the aim of that policy." On the other hand, the Riksbank must be considered to be bound to follow these directions and cannot contend that it has had no means of bringing about the intended rise of prices if it has not availed itself of the opportunity for active intervention by participating in the financing of the expenditure on the relief of unemployment.

The lines of monetary policy indicated above were embodied in a bill submitted by the Government to the Riksdag on the 26th May. The bill also contained a statement by the Minister of Finance. He expressed the view that the Riksbank should resort to active intervention in connection with the financing of public works for the relief of unemployment to the full extent necessary in order to attain the stated purpose, that is, a moderate rise in the domestic level of wholesale prices. He also emphasized the importance of *co-operation* between the public and private institutions affected by the programme of monetary policy as well as the *urgency* of the measures to be taken for the execution of the programme.

This immediate programme, as pointed out above, has been drawn up on the assumption that Sweden will be obliged to pursue an independent monetary policy without connection with a general rise of prices based on international agreements. Should such an agreement be concluded, and if the necessary stability is afterwards attained, Sweden would be fully prepared to give her adherence. In that event Sweden could thus proceed considerably further on the road of rising prices than she would venture to do if she had to act solely on her own account.

The bank committee of the Riksdag entirely approved the programme of monetary policy recommended by the Minister of Finance. It pointed out that this programme conformed in essentials to the lines of policy approved by the Riksdag in 1932. The greater clearness with which the programme of policy had now been drawn up, as the committee put it, "was due to the fact that the desirability of a rise of prices and the necessity of resorting to positive measures for its promotion had been brought into sharper relief against the background of the experiences of the past year". The Riksdag has now approved the recommendations of its bank committee.

The monetary policy which Sweden has thus defined seems to be in complete conformity with the general interests of the world at the present moment. For the entire world economy a *rise of prices* is the primary condition for economic revival and the first step that should be considered when it comes to international co-operation for breaking the force of the devastating world crisis. The logical basis for fixation of the rates of exchanges—which in this connection is certainly a great desideratum—is that it shall have first been made clear how far each individual country intends to go in regard tot he raising of the price level. What is more, once steps have been taken in earnest to raise the world price level, it will be incomparably easier to come to agreements in regard to a freer commercial policy as well as in regard to the regulation of international debts of all kinds.

It is highly desirable that the principal countries should take the lead in bringing about a rise of prices, to which the rest of the world would doubtless joyfully give their adherence. But, pending this consummation, it is all to the good that individual countries should separately take the first step in the desired direction. Such a step has been taken by Sweden with the programme of monetary policy recommended by the Government and now sanctioned by the Riksdag.

A London Correspondent writes:—Important changes in the proposals to set up a Reserve Bank in India are at present being considered in London by a committee under the presidency of Sir Samuel Hoare, the Secretary of State for India. The committee is composed of the deputy chairman (Sir Reginald Mant), Sir E. F. Benthal, Sir Cowasji Jehangir, Sir H. Denning, Sir Akbar Hydari, Sir Mirza Ismail, Sir Louis Kershaw, Sir Cecil Kisch, Sir V. T. Krishnamachari, Sir Campbell Rhodes, Sir George Schuster, Sir Phiroze Sethna, Sir Henry Strakosch, Sir Purshotamdas Thakurdas, Messrs. Anklesaria, C. C. Biswas, Ramsarandas, H. P. Mody, Ramaswamy Mudaliyar, Mohammed Yamin Khan, A. Rangaswami Iyengar, S. D. Waley and Choudhury Zafrullah Khan. The scheme for discussion is based upon Sir Basil Blackett's second Reserve Bank Bill introduced in the Assembly early in 1928 and afterwards withdrawn, but the procedure follows the recommendations of the Hilton-Young Commission with certain modifications in detail. The present proposals include: Capital of the bank (Rs. 5 crores) to be held by private shareholders; a directorate of 15 or 16 to include four nominated by the Governor-General; and local boards in Bombay, Calcutta, Delhi, Madras and Rangoon to be elected by shareholders in those areas. The scheme also involves the abolition of the Rupee Redemption Fund.

If you employ a man, don't suspect him,
If you suspect him, don't employ him.

Talents and Temperaments: A Review.

By N. S. Subba Rao, M.A., Bar-at-Law

Director of Public Instruction in Mysore.

A sound economic organization involves a number of things, and one of the most important of these is correct occupational distribution. It is a loss to the community as well as an injury to the persons concerned if there should be unsuitable distribution of persons among the occupations. It is therefore an important social task to eliminate "mis-fits," which come about as a result of a lack of opportunities of training, haphazard choice of occupations, or mistaken choice of occupations from ignorance, bias, or misleading information as to the qualities a given occupation needs. It has been said that the unassisted parent is often a poor adviser. This is certainly so, if we interpret "unassisted" in a comprehensive sense. The assistance should be not merely advice as to the occupation that a parent may choose for his son. but if society is properly organized, there ought to be also no difficulty for a parent to provide his children with appropriate training for the vocations suited to each of them.

Correct occupational distribution involves therefore two things: In the first place no difficulties should be placed in the way of the youthful talent of the country seeking appropriate training to enable them to find themselves suitable niches in the economic life of the country. In the second place, there should be clear and full guidance as to the occupations a given young man or young woman may enter after appropriate training. The first problem involves a new angle of vision and, what is equally important, large finance. We are here concerned with the second of the problems, *viz.*, provision of Vocational Guidance for the youth in a country. The volume under review (one included in the series entitled *Contemporary Library of Psychology*)* is a remarkably clear and full attempt to provide not only the expert but also the uninstructed parent with the principles and methods of vocational guidance.

As the writer points out, the task of Vocational Guidance is two-fold. On the one side the requirements of an occupation have to be ascertained, *i.e.*, what the Americans call 'a job analysis' has to be made. On the other side, the aptitudes, intellectual, physical and temperamental, of a young man or a young woman have to be ascertained. The results so arrived at have to be considered together, and suitable advice given to enter one or other of the occupations for which the ascertained talent and temperament are appropriate. As the author points out, it is not likely that Vocational Guidance will ever be able "to provide a foot-rule that can be put into the hands of teachers or welfare-workers and used with the ease of a thermometer or a pair of scales". As he says, "Vocational Guidance is an Art rather than a Science, and every case involves a careful weighing of conflicting considerations." Indeed as he somewhat sarcastically says, "the psychologist has often to give his decisions with far less confidence than is shown by the parents and school masters in their off-hand judgments." Indeed, the service that Vocational Guidance can give us, at present, is negative rather than positive. That is to say, the various tests that are applied will enable us to rule out some classes of occupations as being clearly beyond or beneath the individual's capacity. For example, if the subject shows low mechanical ability, a large number of occupations which demand this special aptitude are dismissed from consideration. Again if the temperamental studies of the subject show his incapacity for work with other people, he will have to be declared unfit for occupations where sociability is a special qualification and so on.

It is not necessary to deal in detail with the different sections of this work. There are full chapters which deal with the methods involved in the measurement of intelligence and testing of special abilities. That is followed by a chapter which deals with the methods of estimating temperament and character. Then the author proceeds to point out what help parents, teachers and doctors can give in the task of Vocational Guidance. Parents come in for ironical comment. "Parenthood is the most difficult of all occupations, and probably it is the one which contains the greatest proportion of misfits. It is a highly skilled art for which no training course has been provided; and it is one that is practised by multitudes whom no training course would render competent. The result is that many a child's occupational potentialities

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* *Talents and Temperaments* by Angus Macrae, M.A., M.B.—Messrs. Nisbet & Co., Ltd., London.

are limited because his personality has been warped or twisted by misunderstanding and mishandling in the home." The author is similarly hard upon the teacher, and says "Teaching is perhaps the profession which is most commonly adopted for totally inadequate reasons," and quotes a well-known doctor to the effect that the profession contains a disproportionately high percentage of misfits. Yet the teacher is able to afford considerable assistance in the estimation of the subjects, moral and social qualities. School reports will give "helpful information as to conduct and character and evidence of the persistence of behaviour tendencies through many years." Finally the doctor can give most valuable assistance in appraising individual differences in physical capacity. This is very important since even in these days of mechanised labour, industrial occupations vary greatly in respect of physical stress which they impose.

The succeeding chapter deals with the analysis of occupational requirements, in which the author points out there is scope for great research in the field. Considerable work has already been done, and information is available as to the qualities required in different occupations. So far, however, the results are qualitative and not quantitative. A day may come, however, when, "having constructed a silhouette representing the characteristics of the person examined, he (the Vocational Psychologist) will proceed to superimpose this human profile on a number of occupational profiles until he finds one with which it exactly coincides." This is of course a dream, as he says, because human characteristics cannot be assessed so precisely. Finally, the author, while very anxious to justify the part that vocational guidance will play in the selection of occupations, is equally emphatic that there can be no "perfect niche" for an individual. The vocational adviser is not likely, even with better instruments, to discover a single occupation that is suitable for a given individual above all others. All that is sought to be done is "to direct the young person to work, which will use his powers of mind and body as fully as possible, and will afford him real and lasting satisfaction because it is not only adapted to his abilities but also proper to his instincts." Because Vocational Guidance cannot give us advice of an infallible character, it is no reason why we should persist in the present haphazard method of placing individuals in occupations. It should be a fundamental task of society to stimulate the study and practice of Vocational Guidance and also to supply adequate opportunities of appropriate training for all the youth in the community. Mr. Macrae's book, we are convinced, will enable the general reader to realize both the necessity as well as the possibility of scientific guidance in a matter which is so important to human welfare and which is left at present to choice, whim, or social monopoly.

The Chief Inspector of Factories in his annual report on the working of the Bombay Maternity Benefit Act, 1929, for the year ending 30th June 1932, says :—"There can be no question of the value of the benefit to working women, and although mill women in Bombay still rely on the dai and on unskilled assistance, the figures prove that a considerable change has taken place in the last decade, since Dr. Barnes found in 1922 that 75 per cent of mill women in Bombay did not obtain skilled assistance. It is clear that the Act has done a great deal to alleviate the lot of working women in Bombay." The Act was extended during the year to the factories not already covered in the Khandesh and Sholapur areas, to the districts of Dharwar, Thana and Kaira and to the City of Poona. The total number of benefits granted were 5,455 as compared with 5,231 in the previous year, and the amount paid was Rs. 1,28,542, an increase of about Rs. 7,000 over the preceding year. The average benefit paid was Rs. 23-9-0 as against Rs. 24-8-0 last year. This indicates that the average woman is making almost full use of the pre-confinement period of abstention from work.

A lie is a very poor substitute for the truth, but it's the only one discovered up to date.

* * *

Do not make the mistake of thinking the man believes what you say simply because he does not call you a liar.

* * *

Because there ain't any rotten apples in the top layer, it ain't always safe to bet that the whole barrel is sound.

* * *

There are two things you never need pay attention to—abuse and flatter. The first can't harm you and the second can't help you.

State Supervision of Banks in Sweden.

By Albert Tonden

Chief of Department of the Bank and Stock Exchange Inspectorate.

The State control of banking in Sweden is of ancient origin. As far back as the seventeenth century Palmstruch's Bank, the predecessor of the Riksbank, had a "chief inspector of banking", whose functions were to supervise the bank, to prevent abuses, and in general to see that the King's intention of promoting banking were duly carried into effect. Special arrangements for State control were likewise sometimes made in the banks and discounting offices which were in operation in the eighteenth century and at the beginning of the nineteenth.

The articles of association of those purely private commercial banks which obtained their charters during the eighteen-thirties—the period which marks the origin of modern Swedish banking—also contained clauses providing for a certain control on the part of the State. Similar provisions were subsequently embodied in the Decree of the 9th January 1846 relating to private banks which issue their own credit-notes—the first Swedish bank law proper. This Decree contained regulations to the effect that the competent county authorities should appoint for each bank a representative with certain powers of supervision, and that the bank should submit to the Government periodical statements of its financial position. Moreover, the directors of the bank were placed under obligation at any time to keep the accounts and papers of the bank accessible for such inspection as the Government might think fit to make. Control regulations of a substantially similar character were afterwards extended also to certain banks without the right of note issue.

The actual bank inspections were at first made by officials in the Ministry of Finance by special royal commission. The Ministry of Finance also dealt with the statements periodically submitted by the banks. According as the work in connection with the supervision of the banks in the Ministry of Finance increased, the need arose of a special staff for the purpose. And on the 18th June 1868 the Government appointed a special officer on the staff of the Ministry of Finance to deal with matters relating to banking. From the year 1877 this officer had the title of "bank inspector". Whilst the local inspection was retained, a more systematic procedure in regard to the central supervision of the banks was adopted. Reports of inspections were submitted by the bank inspector to the Minister of Finance and the latter subsequently, if he thought necessary, transmitted the report to the Government.

In course of time the bank inspector obtained assistants, and in 1906 the bureau within the Ministry of Finance which dealt with the supervision of banks was removed from that department and converted into a separative government office, the bank inspectorate, which entered into operation at the beginning of 1907. In 1919 the supervision of stockbrokers and stock exchanges was also assigned to this office, in connection with which its official designation was changed to "the bank and stock exchange inspectorate".

Concurrently with the changes in organization the functions of the central supervisory authority have been extended and more precisely defined in laws and regulations. The regulations at present in force are contained in the bank law of 1911, which in regard to State supervision has been recently amended, namely, by a law of the 2nd June 1933, which comes into force at the beginning of next year.

It should be noted that the supervision to which we have referred relates merely to commercial banks, whereas savings banks have been subject to the supervision of other State institutions. In 1929 a special separate central authority for the supervision of savings banks "the savings banks inspectorate", was established. It is entirely separate from the bank inspectorate.

The purpose of this article is to give a brief account, intended especially for the benefit of foreign readers, of the duties and powers of the inspectorate in accordance with the regulations of the bank law after amendment. The comments made are in most cases derived from, or based on, statements made by the bank committees of 1924 and 1932, whose recommendations are the basis of the amended regulations referred to.

The bank law in its amended form does not entail any direct change in the duties of the supervisory authority. On the contrary, it has been expressly pointed out that the new provisions are merely intended to legalize the functions of this authority as they have been exercised in practice. The new wording of the law in this respect is intended to make it

lear that the inspectorate is an institution for he protection of the interests of the public. nd especially of the depositors.

The functions of this institution are defined ı § 230 (*a*) of the Bank law. In accordance with his paragraph, the principal function of the ıspectorate is to see that the banks in their perations conform (1) to the bank law and ther regulations, so far as they have special ference to banks, (2) to the articles of associaon of the bank concerned, and (3) to the esolutions adopted by the ordinary meetıg or by the board of directors on the basis f legal enactments or the articles of associaion.

The regulations having special reference to anks signify, for example, the law relating to ıe bankruptcy of unlimited banking comanies, limited banking companies and savıgs banks. On the other hand, it is not deemd to be the function of the inspectorate to see hat the banks observe such general regulaons which do not apply to banks more than › other institutions and persons.

The above-mentioned clause regarding the ontrol of the observance of resolutions adopted y the board of directors on the basis of legal ıactments refers to the instructions which ıe board of directors of the bank, in accorance with new provisions introduced into the ank law, are under obligation to issue in cases here the board commissions an individual irector or other person singly, or in conjuncon with another, to decide matters of such a ature that they would otherwise be reserved ›r the decision of the board itself. In these ıstructions rules shall be laid down regarding ıe powers in various respects which the comıission is to involve, for example, in regard › the grant of credits.

The provisions just referred to are subject › an exception, in accordance with which the ınk inspectorate is not under obligation to ontrol the observance of such regulations as late to the rights or obligations of an indidual shareholder in relation to the bank or another shareholder, or which relate to the ternal affairs of the bank. This clause, owever, does not prevent the inspectorate. it deems this necessary for the purpose of neral supervision, to deal also with such ıatters as are referred to in the clause.

Besides its main function as indicated above, ıe bank inspectorate has also another funcon which in the wording of § 230 (*a*) is "also other respects to follow the operations of e banks, so far as relates to matters which ay affect their solidity."

The supervision referred to in this clause signifies a scrutiny of the operations of banks even if those operations do not transgress the limits of regulations made in the bank law, the articles of association, or otherwise. In regard to this function, however, it has been expressly pointed out that the inspectorate must not be converted into a kind of super-directorate of banking, which would examine in advance, and adopt an attitude to, the administrative measures of the banks. The management of the banks and the responsibility for their operations is to rest with the board of directors.

These regulations regarding the two main functions of the bank inspectorate have been drawn up in accordance with the recommendations made by the bank committee of 1924. The committee pointed out that, in defining the obligations of the bank inspectorate as they had done, they had intended also to limit its duties on certain respects. In conformity with the general character of the State supervision, it would firstly fall outside the direct duties of the inspectorate to scrutinize matters which did not affect the interests of the public, especially the depositors. Further the detection of embezzlements, forgeries or other crimes could not be deemed to devolve on the bank inspectorate, which must proceed from the assumption that the books and papers of the bank in question could be taken as a basis for judging the real position of the bank and the legality of measures adopted. The same applied to stock-taking, the verification of figures, and the actual organization of the internal control. On the other hand, it should obviously devolve on the inspectorate to see that the banks had made provision for stocktaking and the verification of figures, as well as for a satisfactory system of internal control.

In addition to the two main functions of the inspectorate in its capacity of supervisory authority over the banks, there are certain special duties which have been laid down in the Statute of Instructions for the Inspectorate. These duties are firstly to make arrangements for the compilation of bank statistics—comprising monthly financial statements and an annual survey of the position of the banks after the latest balancing of the accounts—secondly, to answer enquiries from the banks on matters connected with their business, and thirdly, to propose to the Government measures which the inspectorate may deem necessary for the promotion of objects appertaining to its official functions or connected therewith.

The manner in which the inspectorate is to

exercise the supervision devolving on it is laid down in the bank law as follows: "With the guidance of documents which are submitted to the inspectorate in accordance with the law, as well as with the aid of information obtained in the examination of the accounts of the banks or otherwise"

The "documents which are to be submitted to the inspectorate in accordance with the bank law", refer firstly to the monthly statements showing the bank's assets and liabilities, etc., as well as directors' reports with profit and loss accounts and balance sheets, and also the reports and special memoranda which the auditors of the bank have submitted to the directors. These documents to some extent serve as basic material for the bank statistics, which in turn, by providing figures for comparison, also serve as a basis for the inspection.

This class of material for examination also includes the papers and particulars periodically submitted to the inspectorate at its request, in virtue of its authority, as defined in the bank law, to call for information from the banks in regard to their business activities. Such documents and papers consist, for example, of annual statements regarding bad or doubtful debts and writing-off, and especially annual statements regarding engagements amounting to, or exceeding certain sums, varying according to the size of the banks.

The most important material, however, is obtained by bank inspections. In accordance with a clause in the bank law, such inspections shall be made as often as the inspectorate consider it necessary or are instructed to that effect by the Government. These inspections have hitherto been made at certain regular intervals, of, as a rule, from one to three years at the main office and the larger branch offices of the banks, and less frequently at small offices. It has, however, been considered that these inspections ought henceforward to be made at somewhat more frequent intervals as far as possible, at least every other year at the main office and the large branch offices of the banks.

The procedure for these bank inspections, which has been laid down in the report of the committee of 1932, is as follows:

In the inspection of the main office of a bank the inspectorate should examine, *inter alia*, the cash reserves, the latest balance sheet, and the minutes of meetings of the directors; furthermore particulars should be obtained regarding transactions with other banks, as well as regarding loans which ha[ve] fallen due for payment but have not be[en] settled and guarantees given by the bank[s] as also specifications relative to the real esta[te] bond and share accounts of the bank. Th[e] most elaborate part of the inspection is th[at] concerned with the bank's engagements[.] Special attention is paid to engagemen[ts] in companies in which the bank is directl[y] or indirectly interested, to large engagements i[n] a single quarter, and to engagements in shar[es.] Particulars are obtained which will enable th[e] inspectorate to judge the value of the securi[-] ties and to estimate the necessary writing-off[.] After the inspection, the inspecting office[r] draws up a critical report. When occasio[n] arises, the inspectorate communicates to th[e] bank the result of the inspection or submit[s] a communication to its board of directors[.] The inspection of a big bank, inclusive of th[e] extensive preparations, the compilation of th[e] material for inspection and the correspondenc[e] or negotiations between the inspectorate an[d] the directors of the bank to which the inspec[-] tion may give rise, is a very elaborate proce[-] dure which may take several months.

In addition to the above, the inspectorat[e] usually procures other information regardin[g] the position of the banks. For example, i[n] the intervals between the annual periods a[t] which particulars regarding engagements ar[e] submitted, the inspectorate demands detaile[d] particulars from the banks regarding engage[-] ments which call for special attention.

The efficacy of the supervision which i[t] devolves upon the inspectorate to exercise i[s] naturally dependent on the extent to whic[h] it has power to enforce its views in regard t[o] existing abuses, or steps taken. In accord[-] dance with §§ 232, 235, 235 (*a*) and 236 of th[e] bank law, there are certain remedies to whic[h] the inspectorate can have recourse in discharg[-] ing its two main functions. These remedies ar[e] in part of a different character, according a[s] they bear upon the one or the other of thes[e] functions.

If the directors of a bank or the ordinar[y] meeting have taken a decision which is a[t] variance with the law or with the articles o[f] association, the bank inspectorate can prohibi[t] the execution of the decision. The inspec[-] torate may also enjoin upon the board o[f] directors, in case a decision of the nature re[-] ferred to above has been taken to rectify it where this is possible, and also to comply wit[h] the obligations of the board of directors i[n] accordance with the law or the articles o[f]

association. Such instructions or prohibitions may be enforced under penalty of a fine. Instructions in regard to the rectification of a decision or the fulfilment of obligations cannot, as a general rule, be issued by the bank inspectorate in regard to legal enactments the violation of which is penalized. From this rule, however, there is an exception, namely, in regard to the contents of the profit and loss account and the balance sheet. This exception has been made because it is considered to be of great importance that the bank inspectorate should have powers at an early stage to induce the banks to draw up their accounts in a manner which is substantially as well as formally correct.

If a bank seriously contravenes the bank law or the articles of association, the bank inspectorate may report the matter to the Government, which shall then decide whether the charter granted to the bank shall be withdrawn.

In the case of matters which, in the opinion of the bank inspectorate, may affect the solidity of the bank but which do not involve the violation of the law or the articles of association—thus especially matters which fall under the second main function of the inspectorate —they submit such monitory observotions in regard to the operations of the bank as they deem necessary. If there are such serious anomalies in the management of the bank that there is reason to apprehend that the interests of the public, and especially of the depositors, may be jeopardized by its operations, the bank inspectorate may enjoin upon the directors of the bank to take such steps as may be deemed necessary to rectify the abuses. Should the directors of the bank fail to comply with such instructions, the bank inspectorate may report the abuses to the Government, which in this case also may withdraw the bank's charter.

In cases which fall under the second main function of the inspectorate the latter may, moreover, request the assistance of the Riksbank. In fact, the inspectorate is entitled, in virtue of its statute of instructions, to report to the directors of the Riksbank matters relating to the management of a bank which, though not at variance with the regulations, nevertheless are considered to require rectification.

In virtue of the bank law, the inspectorate has yet another more general remedy, namely, the right to convene the board of directors of the bank, and, if occasion arises, an extraordinary meeting of the shareholders, in order to submit its observations and criticsims. There are a few instances of the bank inspectorate actually having summoned the board of directors, but they have never as yet convened an extraordinary meeting of the shareholders. Such a step has always been considered to be of such a serious character that it should be resorted to only for very weighty reasons, as it would be liable to undermine the confidence of the public in the bank and thus do more harm than good. In fact, at the time when the bank inspectorate was given power to convene an extraordinary meeting of the shareholders, it was pointed out that it could scarcely be expected that the inspectorate would ever avail itself of this power, but that its mere existence would be "a useful means for bringing pressure to bear on a reckless and arbitrary board of directors".

Finally, the inspectorate is empowered by its statute of instructions, except in cases prohibited by law, to publish their criticisms of measures which have been adopted at variance with the regulations, or their observations on other matters which it is considered should be brought to public notice. But in regard to the likelihood of resort to such a remedy the remarks made above in regard to the convening of an extraordinary meeting substantially apply.

As already indicated, the bank inspectorate has hitherto possessed also local organs, the so-called "public representatives", as a rule one for each bank. Their function has been to take part in the annual auditing, to make quarterly inspections of the cash at the main office of the bank and to see that the last monthly statement of the bank tallies with the accounts and has been properly drawn up. But, as it has been found that the inspections made by these officers have tended to assume a purely routine character, and as in the great majority of cases these local representatives have not supplied the central office with material of any value which the inspectorate could not have procured itself, such officers are no longer to be appointed. On the other hand, in accordance with the new regulations in the bank law, the inspectorate is to appoint in every bank an auditor, who shall co-operate with the auditors appointed by the shareholders and who is to stand for disinterestedness.

As is indicated by the above, the new provisions of the bank law in regard to inspection have not entailed any direct extension of the functions of the inspectorate. Indirectly, however, amendments made at the

same time in other parts of the bank law have actually conduced to extend the first main function of the inspectorate. This in fact is the chief significance of the amended legislation.

For example, in accordance with the bank law in its new form, the right of the banks to acquire shares will be considerably curtailed. Regulations regarding the grant of credits by banks have hitherto been found only in the articles of association. Certain of those regulations have now been transferred to the bank law. Certain new regulations have moreover been incorporated in the law, for example, regarding lending on the security of shares, and regarding credits to officers and certain other bank officials as well as to members of its board of directors. Furthermore, clauses have been inserted in the bank law for the purpose of preventing the grant of credits to the same person, or to persons closely associated with one another in economic interests, on such a scale as to jeopardize the solidity of the bank. Also in other respects the new provisions of the bank law will have an indirect effect, of the nature indicated, on the functions of the inspectorate.

The usefulness of the existence of this State supervision seems nowadays to be generally recognized in this conntry. True that indications of an opposite point of view occasionally occur, especially in times of economic unrest, and in foreign financial papers we moreover occasionally find the view expressed that the Swedish State supervision is of dubious value. Such views, however, seem to be based on a misunderstanding of the purpose and scope of the supervision. As was pointed out by the bank committee of 1924, State supervision over banking, no more than bank legislation, can never become effective in the sense that it could entirely prevent bank crashes. At any rate it can be maintained that Swedish banking would have found it more difficult to withstand such strains as those of the post-war period, had an established State supervision not been in existence.

As regards the manner in which the supervision is exercised opinions may, of course, differ. Several years ago the bank inspectorate was sharply criticized in the Riksdag for having shown too much rigour in its supervisory activities. One year later the inspectorate was censured in the same assembly for not having shown sufficient rigour in the discharge of its functions. Criticisms in this as in other spheres seem often to be largely due to the attitude of the critic to the measure in question.

It should further be noted that, as was pointed out by the bank committee of 1924, only a few results of the activities of the supervisory authority come to the notice of the general public. This, as was likewise observed by the committee, applies especially to the numerous cases when these activities have been of manifest benefit, for example, when the steps taken by the inspectorate have prevented or limited a grant of credits which would have been disastrous.

A particularly striking indication that the existence and activities of the supervisory authority have been of importance is that the labours of the inspectorate have met with increasing response and appreciation among the bankers themselves. There is reason to presume that the bankers endorse the view of the bank committee that, as the supervisory authority has more means than any individual bank to survey banking as a whole and to take a far-sighted view of the operations of banks, it must be useful for the directors of a bank to have their actions judged from this wider standpoint and to be informed of the view taken by the supervisory authority, from the same angle, in regard to the financial position of the bank.

The French Government's scheme for the reorganization of the railways has been approved by the Public Works Committee of the Chamber. The Minister for Railways and Public Works, M. Paganon, announced that agreement had been reached with all the railways. The scheme of reorganization is designed to restore prosperity to the railways. The tax on passenger fares is to be reduced to 12 per cent of the 1914 figure. This concession will cost the Treasury nearly £4,400,000 next year, and other sources of revenue will have to be found to make up the deficiency. The Paris to Orleans and the Midi Railways are to be merged, and one line of the Orleans Railway will be taken over by the State line. To reduce expenses, the services on minor lines will be cut down and many small stations will be closed. The Midi and Orleans Railways total 2,694 and 4,681 miles respectively. Together they serve the whole of west and south-west France.

Agriculture in Sind, 1931-32.

By "B. P. O."

The annual report of the Department of Agriculture, Sind, for the year 1931-32 states that the river Indus rose late and consequently the inundation season was considerably delayed. The irrigation supply was irregular and unsatisfactory for both khariff and rabi cultivation. As a result the acreage under cotton was reduced and this crop also suffered considerably from excessive flower and boll shedding due to unfavourable climatic conditions, *i.e.*, cloudy weather, hot winds, etc., at critical stages of the growing period. Boll worm attack was also more than usually severe. Yields were thus less than normal. Jowar and bajri sowings were carried out in time and these crops were generally satisfactory. In North Sind paddy crops yielded well. In the Lower Sind rice-growing tracts, transplantation was delayed owing to insufficiency of timely water supply and growth was checked by the prevalence of hot winds in October. On account of low rainfall fodder supply was insufficient and in some tracts precarious.

"The year witnessed no material improvement in the serious depression of the prices of all agricultural produce. Consequently the economic position of the cultivating classes in Sind remained unsatisfactory," continues the report. "The general lack in the purchasing power of the agricultural community is reflected in its inability to adopt agricultural improvements involving even the least additional capital outlay. As a result the district work of the department has been more and more concentrated on the introduction and extension of simple improvements in crops and cultivation, the adoption of which will reduce the expenditure of the cultivator and increase his out-turns and profits. The scope for such improvements is extensive especially under the new system of perennial canals. It is no exaggeration to state that, with the assured and abundant irrigation supply now available, the average yields of the main crops in Sind could be increased by 25 per cent by the wholesale introduction of elementary agricultural improvements involving no extra expenditure in cash on the part of the cultivators and little, if any, additional labour effort."

The main problems before the department have arisen as a result of the opening of the Lloyd Barrage canals. Questions such as the reclamation of "Kalar" land, water-logging and drainage have now an immense importance and are being thoroughly investigated in co-operation with the Irrigation Department. With a view to co-ordination of effort between the two departments, a committee known as the Sind Research Committee was formed by Government in 1931 under the chairmanship of the Commissioner in Sind. It is hoped that by this means the problems before the Agricultural Department are tackled with the utmost speed and economy of effort.

On the research side the department continued botanical experiments on the improvement of cotton, wheat, jowar and rice and commenced investigations into the technique and economics of oil seed and pulse crop. In view of the importance, both as a commercial and a leguminous rotation crops, of soya beans, experimental cultivation of this crop was made at Sakrand with seed obtained from Punjab and Pusa, and the results were very promising. Very enconraging results have been achieved in the acclimatization of improved Pusa wheat selections. With a view to making a comparative test of the local Sind wheats, Punjab wheats and the Pusa wheats grown in Sind and in Pusa, several varieties were sent to the Milling and Baking Department of the Kansas State Agricultural College, United States of America, and to the "Novadal Laboratoria," Holland. The tests confirmed the opinion previously obtained in England that the Pusa wheats are superior to the local Sind wheats.

The Chief Agricultural Officer represented to Government that under perennial irrigation it is of the first importance to maintain soil fertility, that one of the methods of doing so is to plough green manure, and that zamindars should be encouraged to adopt this method by a remission of water assessment. Government accordingly directed that zamindars should be allowed to cultivate, free of assessment, green manure crops, *i.e.*, sannhemp, guar and indigo, provided they are ploughed into the soil before the 15th of September. This concession is to be in force for a period of three years.

Propoganda was conducted by means of practical demonstration on the fields of cultivators as well as by lantern lectures delivered by a touring party. The Six Farms Scheme, which

is essentially intended for purposes of propaganda, made rapid progress in the year under report. The construction of buildings, the layout of water channels and drains and the preparation of land for cultivation were practically completed at the farms in Dadu, Pad Idan, Lundo and Oderolal. Work at the other two farms, Nasirabad and Shahadadkote, was well under way.

The expenditure of the Agricultural Department in Sind during the year under report was Rs. 4,98,000 as against Rs. 3,45,000 in the previous year. Of this expenditure a sum of Rs. 59,000 was borne by the Indian Central Cotton Committee as a subsidy, partly for the cotton physiological research scheme and partly for the extension of the cultivation of improved varieties of cotton in the Barrage area and a sum of Rs. 8,070 was borne by the Sir Sassoon David Trust Fund for work on pathological research in rice crop diseases. The increase in the total expenditure over that of the previous year was almost entirely due to the development of the Six Farms Scheme.

The Agricultural Department in Sind as a separate organization is still in the beginning of its career. On its success, both in research and propaganda, will largely depend the future well-being of the cultivators. In spite of acute financial stringency Government have endeavoured to give every assistance to the department.

The Japanese Menace.

By G. V. Rajaratnam, Bombay.

The Japanese menace to Indian industries is getting more and more painfully real. The major industries have already been hard hit, thanks to the vacillating policy of the Central Indian Government who are still dallying with the problem! So far the textile trade alone has been afforded the shelter behind raised tariff walls. Now the turn has come to the comparatively smaller industries which were so far immune to the attack of Japanese manufacturers. Japan is now despatching to this country soaps, powders and other toilet requisites besides chinaware, rubber goods, shoes, confectionery, drugs, chemicals and other articles of daily necessity to the humble Indian householder. These above enumerated goods are now being sold throughout the cities, towns and even village hamlets to the great detriment of local trades which were thriving for the last few years on account of the spurt given by a strong sentiment of patriotic buying. Private enterprise, taking full advantage of the "Buy Indian" campaign, established factories in various parts of the country to cater to an enlarging demand. Capital was sunk to develop further the already flourishing business in drugs and chemicals with signal success, giving profitable employment to thousands of needy Indians. At present Japan is weaning away purchasers by a systematic process of price cutting and under-selling. There is unfortunately no statistical evidence of the extent of the damage inflicted by the Land of the Rising Sun.

The poor and hard-pressed Indian has a strong temptation to go in for cheaper articles coming from Japan. Japanese soap is 40 per cent lower than Indian soap. In the case of toilet powder it is 60 per cent, while confectionery, drugs and chemicals are retailed at rates which are cheaper by about 40 per cent. Another new phenomenon is the dumping of toys that are actually ruining hereditary craftsmen in many towns and villages. It is expected that the Japanese will extend their ruinous activities to other unaffected branches of Indian cottage industries.

The Japanese are no doubt powerfully aided by debased currency. Longer hours of work and the unrivalled skill of the workers in Japan are the other important factors. Whatever that be, it is eminently desirable that local industries should not be allowed to go to the wall because the Japanese are cleverer than Indians. The pace of unemployment will accelerate if Japan is allowed in her merry game of decimating the livelihood of numerous Indians. The duty of the Government is plain. Either by tariffs or negotiations, the Japanese incursion must be stopped before irrepairable harm is done. Action against them is being taken in every country of the world for the preservation of local trade and commerce.

The public library at Leningrad, Russia, is the largest library in the world. According to a comparative table issued by the American Library Association, it contains 4,832,000 books and 332,000 pamphlets. The British Museum contains about 3,200,000 printed books.

The Structure of Bengal Finances, 1921-1932.

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The main heads of revenue during this period of our study are Land Revenue, Excise, non-postal stamps, Forests and Registration. Of these a large percentage arises from judicial stamps, which itself is a disquieting feature, for if this litigious tendency were to disappear as a result of further education this rising revenue source would be scotched. All the other sources are either stationary or declining items. Taking Land Revenue for example the Permanent Settlement fixed the entire revenue accruing to the Government so early as in 1793. It is clearly a non-expanding source of revenue as in the other agricultural provinces where the Permanent Settlement has not been obtaining. Forests do not afford increasing revenue and they are mainly undeveloped so far as Bengal is concerned. Irrigation itself is a losing concern in the Province of Bengal. That Excise is not expanding is one redeeming feature of the otherwise gloomy situation. At any rate the strength of the Prohibitionist movement would soon make it a dwindling item of Revenue.

While a great amount of revenue is being raised inside the province the bulk of it is being ceded to the Central Government. This inequitable distribution has been beautifully described in the following terminology which says that for every rupee raised in the Province only five annas are being allowed to filter into the hands of the Provincial Governments. It indeed raises a large amount of revenue approximating, roughly, to 35 crores of rupees. Of this only ten crores are remaining in the hands of the Province. Income-tax and super-tax amount to six crores roughly and this is mainly a Central Government's resource. Only an insignificant item of Rs. 95,000 were refunded up till 1928-29 as a result of the arrangements made by Dev. Rule No. 15 and referred to elsewhere in this monograph. The Customs collections approximate to 18 crores and are annexed by the Central Government. The following table shows the Central revenues derived from Provinces and the Provincial revenues :—

(Figures in thousands of rupees.)

Name of the Province	Central Revenue derived from Province	Provincial revenues	Total of col. 2 and 3	Percentage of col. 2 on col. 4
Bengal ..	2,62,427	1,07,058	3,69,485	71
The U.P. ..	34,841	1,27,107	1,61,448	21
Bihar and Orissa ..	4,453	57,673	61,126	7
Madras ..	88,612	1,68,933	2,57,545	34
The Punjab ..	18,543	1,13,475	1,32,018	14
Bombay ..	2,42,204	1,55,839	3,98,043	60
The C.P. ..	6,004	54,703	60,712	9
Assam ..	4,316	25,332	29,698	14
TOTAL ..	6,61,405	8,10,178	14,71,575	44

See page, 429, Vol. XV, *Evidence before the Statutory Commission of* 1930.

The following table shows the detailed headings of the different revenues collected in the different Provinces :—

(Figures in thousands of rupees.)

	Income-tax	Super-tax	Customs	Salt	Excise	Provincial Contribution	Total receipts by the Government of India
Bengal ..	34,172	25,178	1,84,341	17,164	1,563	..	2,62,427
The U.P. ..	6,323	1,731	517	..	7,887	18,385	34,841
Madras ..	11,907	2,231	36,869	14,759	648	22,198	88,612
Bihar ..	3,281	424	1	..	747	..	4,453
The Punjab ..	5,906	617	413	..	223	11,384	18,543
Bombay ..	26,430	8,619	1,87,873	15,228	602	3,408	2,42,204
The C.P. ..	3,057	757	578	..	317	1,308	6,009
Assam ..	1,657	247	1,000	1	502	900	4,316

(Both the above tables refer to the Finances of the Official Year 1925-26.)

Coming to expenditure which will once again be studied, the main features are the following :—

(*a*) In spite of retrenchment the expenditure item is actually growing to a higher figure than the revenue of the Province. At present the estimated deficit is roughly two crores. About 10¾ crores are utilized for a population of 47½ millions (1921 Census). This has risen to fifty crores according to the Census of 1931.

(*b*) All the previous balances being encroached upon there are no more balances to be encroached as in the year 1921-22.

(*c*) Additional taxation has been imposed, but the accruing yield has not come up to the expectations of the Finance Member. Roughly three new taxes were raised. The Amusements Tax, the Stamp Duty and the Court Fees but they have not fetched the expected figure of 140 lakhs.

(*d*) The understatement of expenditure by the Meston Committee is indeed glaring and this initial mistake has been aggravated by fast growing population.

(*e*) As in most other Provinces the Transferred Departments have been starved in spite of promising schemes hatched by the Ministers.

The following three tables selected at random from the Evidence Volumes speak of the paucity of funds raised and spent in the nation-building activities :—

TABLE 1.

NUMBER OF BEDS IN PUBLIC AND PRIVATE HOSPITALS PER MILLION OF POPULATION.

Bihar and Orissa		..	97
Madras	..	..	183
Bombay	..	..	332
Bengal	..	..	120
The U.P.	..	..	125
The Punjab	..	..	280
Burma	..	..	418
The C.P.	..	..	125
Assam	..	..	132

The above table is from the *Evidence* of Mr. C. Tallents before the Statutory Commission, 283, Vol. XV.

TABLE 2.

PUBLIC EXPENDITURE ON PRIMARY AND SECONDARY EDUCATION.

			In lakhs of Rs.
Madras	..	..	3.4
Bombay	..	..	9.6
The U.P.	..	..	2.8
The Punjab	..	..	4.4
Burma..	..	..	3.6
Bihar and Orissa		..	1.4
The C.P.	..	..	3.1
Assam	..	..	2.2
Bengal	..	..	1.3

TABLE 3.

MEDICAL EXPENDITURE, 1925-26.

			In lakhs of Rs.
Bengal	..	..	0.12
Bombay	..	..	0.25
Burma	..	..	0.29

Similar tables can be constructed showing that of all the Provinces Bengal spends lowest amounts in the case of transferred departments :—

(*f*) The raising of wages and pay after the war as in the case of other Provinces has contributed to the raising of the expenditure item.

(*g*) While under the three yearly settlement entered into in the year 1911-12 and commencing from 1912-13 Bengal fared well, for her revenue was about Rs. 55,100,000; expenditure was roughly Rs. 54,500,000. Exactly after a decade the position became reversed as a result of the Meston Settlement the details of which will be referred to in another section.

(*h*) It was unable to pay excessive contribution even after raising fresh taxation already alluded to. So it clamoured for exemption of remission of Provincial contribution from 1922-23. It paid nothing in the succeeding years from 1922-23 down to 1928-29 when the entire Provincial contributions were exempted by the Central Government owing to improvement of its financial situation. But the Bengal Government did not obtain any promising relief as a result of this arrangement.

(*i*) Bengal, however, enjoyed certain amount of prosperity in the initial days and up till 1926-27 there used to be a small surplus secured by additional taxation and the remission of the Provincial contribution assessed by the Meston Committee. The retrenchment cuts carried out might not have been the same as those recommended by the *Retrenchment Committee* nor to the exact amounts as suggested by it. Sir P. C. Mitter admits in his oral evidence before the Statutory Commission of 1930 that total retrenchments recommended were for 78 lakhs, but by that time many items were retrenched already. There was little else that could be lopped off according to its recommendations.(See Qn. 142 to 144.) The initial deficit of the financial year 1926-27 was about 21 lakhs. Normal expenditure began increasing from that year. Normal revenue fell below normal expenditure thus inaugurating an era of deficits from 1926-27.

While the above summary is a plain unvarnished tale attention has to be drawn to certain

features and peculiarities of Bengal finances. Much of the taxation is coming from "comparatively poorer part of the people," for land revenue is paid by one million people alone. Stamps as referred to already is a growing source of revenue. But these are paid by the poorer people engaged in litigation. Nothing is so essential for a thorough grasp of the financial situation as this. The vulnerability of Provincial revenues has to be understood. Such an item as Stamps cannot be foreshadowed with any amount of accuracy. The very object of good Government is to confer peace, good-will and prosperity. By encouraging litigation the above ideals of good government would be defeated. It is clear, then, that if revenue from judicial stamps is increasing it must either be due to the levying of higher rates or the number of cases under dispute and referred to for adjudication purposes is on the increase —a sure and incontrovertible sign of disturbed peace, lack of contentment, prevalence of disputes and disorderly behaviour on the part of the people. Common sense would point out that under such disquietening conditions an era of good government can hardly prevail.

A most controversial item is the oft-discussed statement that the incidence of taxation is already burdensome and has almost reached its limit. Every politician aspiring for cheap popularity repeats this hackneyed phrase. This popular political view is certainly supported by the loan amount of revenues raised by the new items of Provincial taxation during these years of our study. The other unpopular but oft-suggested view is that fresh sources of revenue would have to be raised if the amenities of civilization can hope to come up to a level enjoyed by the Western masses. The Finance Members of the Bengal Government do not supply us with any data concerning the national income or national wealth of the people of the province. Lacking such authoritative material one can hazard only guesses concerning the incidence of taxation which is borne by the people. These members have, however, pointed out that Bengal has not been obtaining her due share of taxable capacity. The Provincial Government of Bengal contributes roughly according to one estimate 45 per cent of Central Revenues and receives very little in return from the Central Government. Unless and until this injustice is rectified there is no reason why the Provincial Government of Bengal ought to tax the people out of their very existence.

Thirdly, the optimistic estimates of the Meston Committee have erred in the wrong direction. It opined that the annual increase in revenue would be 4.5 per cent. Neither taxation nor other sources of revenue have come up to this estimated figure. The same plaintive tale is repeated by Bombay whose indignant protests at the Meston Committee findings are no less vehement than those of Bengal. One peculiarity is that attention has often been drawn to the mistake of the Meston Committee in under-estimating the would-be expenditure of the Province. Though it made allowance for certain items of growing expenditure still it was a clear understating of the requirements of the Province which made them recommend rather a low figure for expenditure. Its estimate of rise in the revenue returns is no less faulty and the evident inability of the Meston Committee's findings to be appreciated arises on account of these two mistakes. Both have been fundamental errors of judgment. Only the erroneous estimate in the direction of expenditure is made much of by its critics. But this over-estimate of revenue expansion is an equally weighty piece of criticism against the findings of the Meston Committee. Take, for example, the revenue expansion of Bengal during the decade of 1921-1931. There was not the annual revenue increase of 4.5 per cent but on the aggregate the increase was only 16 per cent during the course of six years (*e.g.*) the rate of increase per annum was only 2.5 per cent—just half of what was expected. Under such circumstances no province could indeed bless the unfortunate findings of the Meston Committee.

Again, Bengal has no adequate provincial taxation as Bombay has. Land revenue partly accounts for this dismal feature. But the allocation of revenues has something to do with it. Bombay is economically rich on account of her industrial development and growth of sea-borne trade or commerce.

It is often pointed out by certain Provincial economists that the true remedy for financial impecuniosity exists within its own hands. The remedy ought to come from within and not from without. The statutory powers to increase taxation have been granted to the Provincial Governments. (See Schedule 1 and 2 of the Constitutional Arrangements.) According to these powers there was indeed a levy of certain new taxes, but the yield of the same items was roughly one crore. Relief was secured from the onerous contribution charges falling on the Province. That extra taxation was not levied is often the contention

of the critics who opine that Bengal ought to provide revenue from within her own territory rather than depend on the mercy of a lenient Central Government. The insinuation was to the effect that Bengal never wanted her case to be weakened in the matter of revision of the Meston Settlement and hence it did not make use of the new taxation powers and raise taxation to a sufficiently great height as to secure rising revenues so as to cover additional items of expenditure. Dr. P. J. Thomas holds the opinion that if excise and land revenue were to be pitched on a scale similar to that of Madras the deficits would disappear. But he does not remember that the Prohibition movement might lead to the disappearance and decrease of Provincial revenues everywhere. Dr. R. P. Paranjpye holds the opinion that the unsettlement of the *Permanent Settlement would yield additional* revenue. Sir P. C. Mitter has given us an idea of the possible increase if this Permanent Settlement were to be unsettled. Not more than one crore of additional revenue can be secured in this manner. The apparent disadvantages of unsettlement have not been taken into due consideration by these critics. A glance at the small brochure of Mr. Sachin Sen entitled *Permanent Settlement* would convince one of the inadvisability of rescinding the Permanent Settlement.* Apart from this defence which would undoubtedly fall on deaf ears it can be easily pointed out that Bengal was the first Province to raise additional revenue by imposing fresh taxation in the provincial field. This vindication would prove that she was willing to raise additional money by taxation. Quite recently an educational cess was levied in order to secure additional funds for financing the primary education scheme of the province in the rural areas. This form of land tax recently imposed in Bengal proves to the hilt the contention of the author that Bengal used her statutory powers to raise taxation money. Before she agreed to tax herself she insisted rightly on the *ceding of the taxable resources raised in Bengal.* Perchance she would have taxed more, but for the above grievance rankling in her mind.

*Sir Sankaran Nair aptly raises a protest against the Ryotwari Settlements which are carried on once in every 30 years. He attributes all the woes of Malabar to this Ryotwari Settlement.

The Lancashire cotton industry is passing through a difficult time. There has recently been a slight improvement in the demand for piece-goods, but trade is far from satisfactory, and a very large number of spindles and looms remain idle. Probably, the chief reason for the industry's parlous state is the loss of a substantial portion of its market in India. Last year Lancashire exported slightly less than 600,000,000 square yards of cotton piece-goods to India, as compared with over 3,100,000,000 square yards in 1913. In other words, Lancashire's trade with India has been reduced to one-fifth of what it was before the War. To put it another way, Lancashire sent considerably more cotton goods to India in pre-War days than she exported to the whole world, including India, last year. Lancashire's trade with India has been lost partially through the rapid expansion of the Indian mill industry and partially through the spectacular growth of Japanese competition. Before the War Japanese competition in India was negligible. Last year Japan's exports of cotton piece-goods to that market, at 644,000,000 square yards, exceeded those of Lancashire. That explains why the leaders of the Lancashire industry are making strong representations to the British Government to take drastic action to stop the menace of unfair Japanese competition, not merely in India, but in other Empire markets.

The annual report of the Travancore Marine Department for the year 1932-33, clearly brings out the progressive importance of the Travancore seaports. In spite of trade depression, the sea-borne trade of the State, both foreign and coasting, showed no material decrease. During the year, 342 steamers and 275 country craft, with an aggregate tonnage of 1,346,904 called at the four ports of Alleppey, Quilon, Trivandrum and Colachel as against 559 steamers and 264 country craft of a total tonnage of 1,394,912 the previous year. The report says that out of 429 steamers that called at Alleppey, 97 were bound for foreign ports and the remaining 332 were engaged in coastal trade. The number of country craft that called at Alleppey rose from 163 in 1106 (M.E.) to 174 in 1107 (M.E.). There was a decrease in the number of steamers which called at Quilon, but at Trivandrum, the number rose from 43 to 52. The report of trade at Colachel showed a considerable increase, the quantity of monozite and other mineral sands exported being about 12,200 tons more than in the previous year.

Industries in Bombay.

By Rama Banajiga, B.A.

The Annual Report of the Department of Industries, Bombay Presidency, for the year 1931-32 contains valuable information on the subject of Glass Bangle Making as a Cottage Industry. The Department of Industries, it would seem, made a special enquiry regarding the condition of this industry as a cottage industry during the year under report. The enquriy revealed, it is stated, that apart from the large organized factory at Kandivlee which employs some 500 persons and produces bangles of the approximate value of Rs. 2.5 lakhs per year, bangles are made on cottage industry basis in a number of villages in this Presidency as shown in the statement given here below:—

District	Place	Approximate production of bangles in dozen pairs	Approximate value in rupees	Approximate number of persons in the industry
Thana	..Chinchani-Tarapur	50,000	8,000	80
Kaira	..Kapadvanj	120,000	10,000	15
East Khandesh	..Edlabad ..	37,000	2,000	10
Do.	..Nasirabad	600,000	25,000	80
Poona	..Telegaon-Dabhade	18,000	2,000	5
Dharwar	Rajpur ..	35,000	2,000	10
Belgaum	Ghodgeri ..	600,000	30,000	80
	Total ..	1,460,000	79,000	280

It will be seen from the above that all the cottage workers put together produce bangles worth only about one-third of the value of the bangles produced at the Kandivlee Factory. Similarly, the total number of persons engaged in the industry in the various villages is considerably less than that employed by the Kandivlee Factory. Same remarks apply to the total production of bangles in the villages as it is less than the total production of the Kandivlee Factory.

The bangles manufactured in the various villages are very crude being uneven in thickness as well as shade of colour. Primitive appliances and processes are used in their manufacture. The value of imports of bangles from foreign countries into the Bombay Presidency alone in the year 1930-31 amounted to Rs. 32.17 lakhs and in the year under report the imports were of the value of nearly Rs. 24 lakhs.

This industry is carried on as cottage industry in other countries and there is no reason why same should not be the case in this Presidency. Bulk of the bangles used in this Presidency are still imported. There would, therefore, appear to be considerable scope for the establishment of this industry as a cottage industry. The Department, therefore, considered during the year under report the best means of encouraging this industry on cottage basis. Negotiations are at present in progress with a Glass Works in this Presidency to carry out experimental work in connection with the proper composition of glass specially suited for bangle making in villages, suitable type of furnace, rolling machine and fusing appliances, etc.

Indigenous Soap.

Prantij and Kapadvanj have been well known for their washing soap for nearly a century. Owing to peculiar trade conditions and emigration of the soap producers of Kapadvanj to other places like Bombay the indigenous soap industry of Kapadvanj has more or less dwindled down but Prantij has kept up its position as the chief indigenous soap producing centre. Unlike the soap made at other places the soaps of Prantij and Kapadvan, are made entirely from local raw materials. The soaps produced at these places may, therefore, be called 100 per cent Indian soaps. The industry was investigated by the Industrial Chemist during the year under report and it was found that the process used by the manufacturers is old and timeworn. There is a very good scope for improvement in the processes by the application of the laws of modern chemical science and soap technology. Soaps are manufactured at these places by boiling the locally produced Mowrah seed oil with caustic lye prepared from the natural soda and lime found in nearby villages. As the natural soda contains a considerable amount of common salt, the soap produced is almost pure grained soap containing a very high percentage of sodium salt of fatty acids. Taking into consideration the actual soap content the soaps produced at Prantij are far better and cheaper than the soaps made by most of the soap factories in this Presidency. The total value of soap annually produced by the four factories at Prantij can be safely put down at Rs. 2 lakhs or more. It has been estimated that by the proper application

of the methods of modern soap technology the production can be almost doubled. Experiments to find out a suitable method for the separation of soda (sodium carbonate) from the natural soda which consists of a mixture of sodium carbonate, sodium bicarbonate, sodium chloride (common salt) and sodium sulphate are being conducted by the Industrial Chemist and proposals for assisting this cottage industry are now under consideration.

THE REAL GOLD THREAD INDUSTRY.

Since a year or so, the Department has been engaged in assisting cottage manufacturers of gold thread in the technique of manufacture. An improved type of machine which was designed and constructed by this Department for gilding, winding, and drying the gold thread has been demonstrated at Government expense to the gold thread manufacturers of the Presidency. This machine designed by the Industrial Engineer and constructed by a local engineering firm has been successfully shown in Surat and Poona.

With this improved type of gilding machine, the operator can keep complete control on the temperature, electric current, winding speed and drying of the gilded thread. This has enabled the manufacturer to improve the quality of his gold thread by increasing the lustre and softness of his thread keeping a uniform shade and economizing in the working and manufacturing costs of gold gilding.

The demonstration was first opened in Surat in May, 1931, in the locality where there are gold thread manufacturers and was continued there for some considerable period. The thread manufacturers were given instructions on the preparation of gold solution, mixing of chemicals, control of temperature, electric current, winding speed and the drying of gilded thread. Gold gilding of a considerable quantity of silver thread was successfully carried out on the demonstration machine. Later during the year Government were pleased to sanction the entertainment of a demonstrator to assist the Industrial Engineer in this work. The demonstration was continued at Surat till the end of January, 1932, after which it was transferred to Poona. In the beginning of the demonstration opposition was experienced from interested parties but with tactful handling the situation improved and a large number of men continually attended the Demonstration and received instructions. Fourteen new similar gold gilding machines were manufactured in Surat for the local factories in the short period that the Demonstration was kept in that city.

Due to the existing trade depression the poorer section of gold thread manufacturers was unable to adopt the gilding machine. It is, however, hoped that with improved conditions this would be altered and most of the manufacturers will be able to take advantage of the demonstration made.

The demonstration work at Surat was closed on 31st January, 1932, and was transferred to Poona, where it remained till the end of February, 1932, when the services of the *demonstrator was terminated.*

In so far as the difficulties in gold gilding processes in the manufacture of gold thread are concerned, these have been successfully solved and as pointed out above the improved machine and processes were successfully demonstrated at Surat and Poona.

The attention of the Department was next engaged on the design and construction of other machines which are also required for the manufacture of gold thread. These are (1) the wire drawing bench for cottagers, and (2) the wire flattening rolls. The existing machines have been considerably improved and the improved patterns have now been constructed and it is hoped in due course to demonstrate these machines to the gold thread industry of the Bombay Presidency.

REFINING OF SARDINE OIL.

Last year it was reported that after some *preliminary work on small samples* of sardine oil submitted by the Collector of Salt Revenue, the Department had asked for 10 lbs. of samples of sardine oil from a fish oil manufacturer in Majali. The samples were received and a number of experiments was carried out to deodorise and decolourise the oil. Unlike the small samples sent by the same gentlemen, last year, all efforts to decolourise and deodorise these samples by simple methods have failed. The results so far obtained indicate that improvement in the method of extraction of the oil might make the problem of decolourization and deodorization simpler. Further work is said to be in progress.

REFINING OF NATURAL SODA.

Natural Soda is found in several localities in the Bombay Presidency. The Natural Soda Lakes of Sind have been well known for centuries and there was a considerable export trade in natural soda produced in Sind. The industry has practically died out now. Natural soda found near Kapadvanj in the Kaira district and round about Prantij in the Ahmedabad district has been used for the manufacture of glass and soap at these places

for several decades. Several investigators have done considerable amount of work on the natural soda found in this country and almost all of them have come to the conclusion that unless definite conditions for the separation of sodium carbonate and bicarbonate from natural soda have been worked out the natural soda found at various places cannot be efficiently utilized. Samples of natural soda found at various important places in the Presidency were collected by the Department and it was found that they all contain sodium carbonate, sodium bicarbonate, common salt or sodium chloride, and sodium sulphate. Some samples also contain traces of borax. After examining various samples of natural soda it was found that the best way to separate the carbonates and bicarbonates was by taking advantage of the laws of solubility. Work, therefore, has been undertaken to work out proper data to find out the most favourable conditions for the separation of the carbonates and bicarbonates. It has been found that higher temperatures favour the separation. Work is progressing. Natural soda found round about Prantij is used in large quantities for the manufacture of the well-known Prantij soap balls. It is hoped that the results of the investigation will help considerably the soap industry of Prantij.

Some Possible Industries.

Then, as regards practical investigations and experiments for possible new industries, experimental work on the preparation of a substitute for imported animal tallow from vegetable oils for the textile mills was continued by the department. The problem has been attacked from three different directions to get a substitute, *i.e.*:—

(*a*) By hydrogenation of an individual oil or mixtures of vegetable oils.

(*b*) Partially saponifying an individual oil or mixtures of vegetable oils.

(*c*) By mixing hard vegetable fats with vegetable oils in definite proportions so as to obtain a product with about the same melting point as the high grade imported animal tallow.

Experiments have shown that—

(1) It is possible to get a product of the same melting point as the animal tallow by all the three methods (*a*), (*b*) and (*c*) mentioned above;

(2) It is possible to get a product with the same melting point and about the same iodine value and saponification value by methods (*a*) and (*c*) mentioned above.

Several samples of tallow substitute have been prepared and tried out. The scientific and other details of the work will be available to the public when the work is completed.

Essential or volatile oils play an important part in the life of human beings. This country imports large quantities of essential oils for the preparation of essences, flavours, perfumes, cosmetics, etc. The imports of essential oils per year in this country and the Bombay Presidency are on the average worth Rs. 12 lakhs and Rs. 3¼ lakhs, respectively. It was accordingly decided to investigate as to which of the essential oils imported into the Presidency can be produced here. After a study of the garden and similar crops of the Presidency it was found that there was a possibility for the production of peppermint oil. Peppermint plant is grown in fairly large quantities by the flower-garden owners of Dahanu. Samples of the plant were brought from Dahanu and peppermint oil was extracted on laboratory scale. From the yield of the oil and from the data obtained from the garden owners of Dahanu about the yield of peppermint crop per acre it was found that there are possibilities of producing peppermint oil on a small scale in the Presidency on economic and remunerative basis.

Peppermint oil is used in the manufacture of confectionery like the well-known "Extra Strong", tooth paste, cough drops, plasters like antiphlogistine and as a flavouring agent in medicines. All these articles are now being made in Bombay, hence locally made peppermint oil is likely to find a ready demand.

There is a large demand for card-boards, strawboards, paste-boards, mill-boards, etc., in the Bombay Presidency and the demand is increasing and is likely to continue to do so due to the development of industries producing products requiring adequate packing and due to the expansion of book publishing industry.

The total imports of these materials given below will give an idea of the scope there is for this industry:—

Year.	Total for India: Quantity in lakhs of cwts	Total for India: Value in lakhs of rupees	Share of Bombay: Quantity in lakhs of cwts	Share of Bombay: Value in lakhs of rupees
1928-29 ..	3.3	36.9	1.0	9.3
1929-30 ..	3.8	37.4	1.4	11.8
1930-31 ..	3.1	26.9	1.5	11.6

As a preliminary investigation in this line, work has been undertaken to find out the suitability of various grasses for the manufacture of these products.

Economics in the West.

The American Balance of Payments.

London, 31*st July*, 1933.—Delegates to the World Conference will doubtless by this time have been driven almost to the limit of patience by material and opinions on the world crisis *and the way out*. If, however, their resources of physical and intellectual endurance are not yet quite exhausted, they would do well to examine the official estimates, just published of the United States balance of international payments in 1932. The figures, placed side by side with those of earlier years, give amp evidence of the cumulative ravages of th world depression, and corresponding emphasize the urgency of the task before th Conference.

In the detailed table given below we show th main items in the balance of payments in th last two years and in 1928. We have give the earlier figures in order to indicate th shrinkage and distortion of the account wit

UNITED STATES BALANCE OF PAYMENTS, 1928, 1931 AND 1932.

(Millions of Dollars.)

Dr.	1928	1931	1932	*Cr*	1928	1931	1932
COMMODITY TRADE.							
Merchandise imports	4,091	2,090	1,323	Merchandise exports	5,128	2,424	1,612
Purchases of bunkers and similar expenses	45	29	25	Sales of bunkers and similar receipts	95	66	51
Imports of silver	68	29	20	Exports of silver	87	27	14
Miscellaneous items and adjustments	204	106	102	Miscellaneous items and adjustments	23	21	40
	4,408	2,254	1,470		5,333	2,538	1,717
OTHER CURRENT ITEMS.							
Freights paid to foreigners on imports	227	189	118	Freights received on exports ..	147	117	73
Expenditures abroad of travellers from U.S.	715	508	446	Expenditures of foreign visitors in U.S.	163	112	71
Immigrants' remittances abroad	250	173	138	Amounts brought in by immigrants	25	10	6
Payments on foreign long-term investments in U.S.	252	100	60	Receipts from long-term investments abroad	817	551	401
Payments on foreign short-term investments in U.S.	107	26	8	Receipts from short-term investments abroad	76	111	60
Government payments abroad, etc.	110	134	101	Government receipts on account of war debts*	207	113	99
Charitable and other contributions abroad	51	39	31	Other Government receips ..	53	34	31
Cinema film royalty payments ..	6	4	..	Cinema film royalty receipts ..	70	70	50
Other items	158	127	33	Other items	118	118	28
	1,876	1,360	935		1,676	1,236	819
CAPITAL MOVEMENTS.							
New U.S. investments abroad ..	2,061	757	290	New foreign investments in U.S.	1,781	604	05
Purchase of U.S. securities, etc. held abroad	1,135	495	305	Sale of foreign securities, etc. held in U.S.	449	659	385
Redemption and sinking fund payments	70	50	50	Redemption and sinking fund receipts	361	257	172
Decline in net short-term debts of U.S.	188	709	371				
Imports of U.S. paper currency ..	40	10	80				
	3,494	2,021	1,096		2,591	1,520	862
GOLD MOVEMENTS.							
Imports	169	612	363	Exports	561	467	809
Releases from earmarked accounts	188	142	508	Earmarkings on foreign account	68	463	51
	357	754	871		629	930	860
Balance due to errors and omissions	94	..	..	*Balance due to errors and omissions*	..	165	114
	10,229	6,389	4,372		10,229	6,389	4,372

*Including principal amounting to $50 millions, $77 millions and $32 millions respectively.

the progress of the slump. Thus we find both imports and exports last year amounting to only one-third of their totals in 1928, with the result that the export surplus on commodity trade has decreased from over $ 900 millions to about $ 250 millions. The shrinkage is partly a measure of price variation, but the physical volume of imports has declined by roughly thirty and of exports by about fifty per cent.

A part of the fall in the export surplus on merchandise account has been offset by a decline in the customary import surplus on "invisible" current items. We see, on the one hand, America's receipts in respect of her former lending abroad cut down by one-half as a consequence of progressive default, transfer difficulties and repatriation of securities; on the other hand, expenditures of American travellers and remittances of immigrants have fallen almost as heavily. The result of all the changes in "invisible" items is that, together with merchandise transactions, they leave the United States with a current account credit balance about as large in 1932 as in the previous year, but less than one-fifth as large as in 1928. America, then, is still a creditor country in every possible sense: she owes to foreign countries far less than she is owed; she is receiving more in interest than she is paying out; she is able to go on lending abroad out of a surplus on her current account.

The balancing of the account in these latest years, however, is brought about in a manner far different from that of more prosperous and peaceful times. The Department of Commerce in its latest bulletin on the balance of payments, presents a valuable survey of the whole period, 1919-32, and breaks it into sections with well-marked characteristics. The most interesting among them is clearly seen in the summary table below, which covers the last eight years. It will be observed that in

SUMMARY OF UNITED STATES BALANCE OF PAYMENTS, 1925-32.
(Millions of Dollars.)

Import (—) or export (+) surplus on current account:—	1925	1926	1927	1928	1929	1930	1931	1932*
Commodity trade	+702	+291	+586	+925	+711	+714	+284	+247
"Invisible", items	—316	—135	—79	—200	—264	—85	—124	—116
Net surplus available for investment abroad	+386	+156	+507	+725	+447	+629	+160	+131
Changes on capital account:—								
Net long-term lending to† (—) or borrowing from (+) abroad	—459	—605	—705	—675	—141	—278	+218	+217
Net short-term do.	—61	+350	+900	—188	—80	—485	—709	—371
Net import (—) or export (+) of U.S. paper currency	—60	—40	—55	—40	—15	+20	—10	—80
Addition to net claims on abroad ..	—580	—295	+140	—903	—236	—743	—501	—234
Net purchases (—) or sales (+) of gold ..	+102	—72	+154	+272	—120	—278	+176	—11
Discrepancy due to errors and omissions ..	+92	+211	—801	—94	—91	+392	+165	+114

*The 1932 figures, in particular, are subject to revision.

†This term must be read as including repayments of previous borrowings abroad, while similarly "borrowing from abroad" includes foreign repayments of previous borrowings from the United States.

the years of prosperity the United States increased her long-term investments abroad by amounts equivalent to or larger than her current account surplus, covering her excess long-term lending by going into debt on short-term account or selling gold. Even in 1929 and 1930 she continued to lend abroad at long-term, reinforcing the process by lending "short" as well. In the last two years, however, she has actually withdrawn long-term loans, in the sense that, while her new investments abroad have been small, foreigners have acquired large quantities of their own issues in America and of American securities proper; this weakening of her creditor position has been offset, along with the current account surplus, by "short lending". In one way this term "short lending", which represents only a residual of conflicting items, is misleading. America's short loans abroad have not increased; on the contrary, they have declined materially, notwithstanding the growth of "blocked funds" abroad. But her short-term debt has declined much more rapidly, largely owing to uneasiness as to the future of the dollar. The

result is that, whereas until lately the United States was a debtor country on short-term account, she is now on balance a creditor. During the last two years foreign short-term funds in America—now mainly bank deposits—have fallen from over $2,700 millions to $900 millions, and American short-term funds abroad—mainly bank accommodation and largely unavailable for withdrawal at will—have declined from $ 1,800 millions to $ 1,050 millions. America is thus a creditor to a small net amount in respect of short-term funds, while she remains an enormously strong creditor on account of long-term capital. Her total long-term assets abroad are estimated in nominal value at about $ 14,000 millions, roughly equally divided between holdings of foreign securities and "direct investments," and the total excludes any allowance for war debts. Against this figure, foreign investments in the United States are probably less than one-quarter as large.

The bringing together of approximately comparable figures for a long period yields some significant results, none more so than the averages for the eleven years 1922-32. This period begins late enough to avoid the distortions of immediate post-war conditions, and includes a whole cycle of recovery, prosperity, boom, slump and depression. Summarising the figures, they show an annual average export surplus on current account of $ 400 millions; an annual average foreign investment of $ 330 millions and short-term lending of $ 5 millions; an annual average purchase of $ 50 millions of gold and repurchase of $ 25 millions of United States currency. If the annual deviations from these averages were relatively small there would be nothing to complain of; the bulk of the current account surplus has been invested abroad in the form most advantageous to borrowers; and enough gold has been imported to meet America's needs without any undue strain on world supplies. But in fact wide and irregular fluctuations have occurred from year to year in the size of the current account surplus, and still wider and more irregular variations in the manner of dealing with that surplus. Incidentally, it is recorded in the bulletin that "at no time since 1893 has the United States had an 'unfavourable' balance of trade". Over the eleven-years period the merchandise export surplus averaged $ 650 millions—considerably more than in the decade immediately following 1893. Yet at that time America was a debtor country, still borrowing from abroad to finance her economic development. To-day she presents a unique appearance as a creditor country deriving an annual current account surplus from the excess of her merchandise exports over imports.

The Departure from Gold.

The figures set out for 1932 shed light on America's monetary policy in the last few months—not that they reveal anything hitherto unsuspected, but that they give unmistakable confirmation of a generally accepted interpretation. At the end of 1932, as already noted, the United States was on balance a creditor on short-term account, though some of her "short-term" assets were in practice anything but short. Foreign-owned short funds in the United States had been "reduced to virtually a working minimum". This fact along with the current account surplus and the large American stock of gold, shows clearly that there was nothing in the position of America *vis-a-vis* foreign countries to drive her off the gold standard. The separation of the dollar from gold, so far as it may have been involuntary, resulted from the action of American citizens, and for the rest must have been a step taken deliberately in accordance with Government policy.

This conclusion is very different from that which emerges from a study of the course of events in Great Britain, yet the basis for both was identical, in that the pressure of falling commodity prices proved insupportable in both countries. In Great Britain we had been struggling for years, thanks to our misalliance with gold in 1925, to remove an intractable margin between prices at home and abroad: with the fall in world prices the tension was increased, our debtors found it more and more difficult to meet the service of their debts and to buy our goods; our customary current account surplus, which acted as a fortification of our position on the gold standard, was extinguished, and a deficit took its place; the only way out was by severence of sterling from gold, which occurred when it did for more or less accidental reasons. In America the course of events was different, but the essential facts the same. The fall in commodity prices, along with rigidity of costs, made business of all kinds more and more difficult; in particular, the cost of existing indebtedness, often enlarged by inability to cover current expenses, grew insupportable; it became clear that only by a rise in commodity prices could relief be accorded without wholesale defaults, repudiation, and chaos in creditor-debtor relationships; facing this

dilemma, the American Government took the decision which we should untimately have had to take had not circumstances forced our hand in September 1931. There is, then, no essential difference between our two experiences.

It may well be asked, in conclusion, why the third great creditor country, France, has not been forced into a similar predicament. In the first place, it will be remarked that, in theory at any rate, the last leading country, on gold has a good chance of staying there since, although foreign short-term claims on that country are bound to be large, they are not likely to be withdrawn unless there is very serious threat of a severance from gold. Again, the last country on gold is more likely to be forced off, if at all, by an inflow of gold than an outflow; as the final residuary of all new gold mined and hoarded gold sold, it may be compelled, if the private hoarder should fail to come to its rescue, to suspend gold purchases. This, however, does not explain why France is in the position described. The answer to that question is two-fold. First, the franc was stabilized at a level which represented under-valuation: simply put, whereas in Great Britain our prices were higher, at the old exchange parity, than those current outside, in France they were lower. Consequently France could face a fall in world prices with greater powers of resistance than ourselves. Secondly, costs of production in France probably were and are more elastic than in either Great Britain or the United States. The volume of debt in existence was almost certainly far smaller proportionately, following devaluation of the franc, so that debt charges probably represented a relatively unimportant part of costs. Further, wages were probably easier to adjust to a falling price level. Unfortunately estimates of the French balance of payments in 1932 are not yet available, but it would not be surprising to find that the principal remaining adherent to the gold standard was showing a deficit on its current account. If that should be so it would present a curious comparison with the United States and would demonstrate further that in recent years the gross volume of debt, internal as well as external, has been a more important factor than the current balance of payments in determining the relationships between currencies and gold. This conclusion obviously bears very closley upon the problem of reaching accord between monetary and fiscal policies and upon the appropriate weight to be given to each.

"Depreciation" and "Devaluation".

"Depreciation" and "devaluation" are words which have only lately passed into the vocabulary of every-day writing and discussion, and like all such they have not yet established themselves. They are accordingly subject to frequent misuse, leading to wide-spread confusion and misunderstanding. The phrase "depreciated currency" is used to describe a currency which has fallen in value, without any very clear definition of the standard by which that value is to be judged. A devalued currency, on the other hand, is one whose gold content has been reduced by statutory authority. Thus it comes about that depreciation can proceed without any act of devaluation at all, while devaluation may take place without any further depreciation. In truth, devaluation may mean no more than the stereotyping and official recognition of depreciation which has already taken place.

Let us begin by inquiring more closely into what is meant by currency depreciation. The very word itself necessitates the use of a standard against which the loss of value is to be measured. There are, however, two standards though these two are closely related. A currency may depreciate in terms of what it will buy in its own country; a movement which is measured by the rise in prices of commodities and services. Or it may depreciate in terms of another country's currency; and this movement is measured by the rate of exchange between them. The two forms of depreciation do not by any means move in correspondence. Thus when Great Britain left the gold standard, in September 1931, the pound sterling immediately underwent heavy external depreciation; that is to say, the pound bought in the foreign exchange market far fewer francs than before. But internally it depreciated very little; for, although prices of imported raw commodities rose somewhat, those of finished goods hardly rose at all. If we consider the net movement over the whole period since September 1931, the pound has depreciated externally by roughly thirty per cent, but internally it has actually appreciated, since it will buy more goods and services now than in September 1931.

Is there, however, any relationship between internal and external depreciation? In the long-run the exchange values of currencies must accord with their relative internal purchasing, powers, though the run may in some

circumstances be very long. Thus in 1925 we fixed the exchange value of the pound at \$4.87, whereas comparison between the internal purchasing powers of the pound and the dollar would have required a rate of perhaps \$4.40. The result was that foreigners *found it very expensive to buy goods made* in England when they could be obtained as readily elsewhere, while they also found it advantageous to sell their goods here. In *theory the forces of competition should have* led us to reduce our price level so that goods produced here would have been offered to foreigners on an equal footing, at the fixed exchange value of the pound, with those made elsewhere. Thus the internal purchasing power of the pound would have been increased to make it the equivalent of \$4.87 spent in the United States. Actually, owing to the difficulties of reducing costs of production here, along with the fall in production costs elsewhere, this was never accomplished, and for six years the external value of the pound was maintained, at great sacrifice in terms of economic welfare at a higher level than was warranted by its internal purchasing power.

It is easy to see, however, that, when the exchange value of a currency is free to move to any figure, instead of being fixed within narrow *limits*, conformity between internal and external *purchasing powers is more readily attained.* Thus, as soon as we had abandoned the fixed value of the pound in terms of gold, which is what "going off gold" implies, the pound *depreciated externally to conform* with its relative internal value. In fact it depreciated a good deal further. And here we come to a fresh reason why conformity between internal and external values of a currency unit may be disturbed or postponed. The reason why the pound fell further, in external valuation, than it should have done was simply that people thought it might go further. Just because many people, at home and more particularly abroad, took the view that the pound might seriously depreciate internally, they tried to convert pounds into other currencies which they thought would behave differently, and so, by their demands in the foreign exchange market for francs and dollars, precipitated severe external depreciation. Thus psychological conditions affect the relations between the internal and external value of a currency, so that, to take another example, between March and June the internal purchasing power of the dollar in finished commodities has fallen by probably not more than ten per cent, but externally it has depreciated by nearly twenty per cent.

Nevertheless, the two valuations are always straining towards parallelism. Since September 1931, as already mentioned, the internal purchasing power of the pound has altered *very little; but meanwhile the franc* has appreciated considerably. The pound buys only a little more in England than in September 1931; but the franc buys in France *quite a lot more.* Consequently, the true relationship between the franc and the pound, as dictated by comparative internal prices, including costs of production of all kinds, is much nearer 86 francs to the pound than it was when that rate was first quoted, against a former fixed rate of 124 francs to the pound soon after September 1931. Thus the external and internal values of the two are coming together. Although the pound has not depreciated absolutely, it has relatively, and its external valuation has come to correspond with its relative internal purchasing power.

Why is it, then, that psychological conditions can have so strong an effect, when no fixed exchange value is in force, in keeping the internal and external values of a currency apart for long periods? It is mainly because people fear what they call "inflation", often without knowing what it is exactly that they do fear. Now inflation is simply the reverse side *of internal depreciation of a currency.* Internal depreciation is a change in the relationship between currency and goods, broadly speaking. There is a tendency, for reasons *which need no explanation, for money to* become worth less in goods if it multiplies more rapidly than goods, and it is the expansion of money (including bank deposits as well as currency narrowly defined), which, when it leads to loss of value, is known as inflation. As a matter of fact, money can often be expanded considerably without leading to depreciation—we have seen it happening here in the past year—but when this occurs there is no inflation.

Nevertheless, if people think inflation is coming they will be moved to sell their own currency against foreign currencies, thus promoting external depreciation. Sometimes, moreover, they may precipitate a "flight" from currency into goods, thus furthering internal depreciation. Again, if gold is still obtainable, they may resort to holding the metal in preference to currency. What they too often forget is that inflation can happen under very different conditions, and that depreciation, whether internal or external or

both, can be either involuntary and uncontrollable or deliberate and controlled. In wartime, when materials must be had at all costs money is pumped out in unlimited volume to pay for the goods; prices go up and up, and ultimately it may be impossible to check what becomes a cumulative process. This process was already well under weigh in Germany, for example, by the end of the war, and hence it was natural after the war, when peremptory demands for reparation payments had to be met, that everyone, in Germany or outside, who possessed German marks should try to sell them or convert them into goods as quickly as possible, with the result that external depreciation sped along in advance of internal depreciation until the whole system broke down under pressure of sheer technical limitations in the printing trade. In a time of business depression, however, the difficulty is not one of ability to produce the goods required, but of stimulating the demand for goods which can be turned out quite readily.

To make the goods available, however, to meet a quickened demand the producer must be given a fair prospect of profit. And in the depth of the slump this can hardly be done without raising the price of his product, for his costs of production—wages, salaries, upkeep, interest on debt and so on—have probably not fallen so far as the market value of his output. In these circumstances inflation is to be welcomed; there is no likelihood of its getting "out of hand" as under war-time conditions while its accomplishment will help to re-start enterprise, re-engage unemployed workers, increase the incomes of employees and the profits of business men, and engender a markedly increased demand for the products of industry and agriculture. Hence the newly discovered virtues of inflation, which through confusion of circumstance had come to be thought of since 1924, as for ever damned. Hence, moreover, the vital distinction between the deliberate depreciation of the dollar now being undertaken in America and the uncontrollable inflation in a number of European countries after the war.

It will be observed that whenever we have spoken of external depreciation we have measured its degree by reference to a currency still on the gold standard; that is to say, a currency which has maintained its fixed value in relation to gold. Thus the franc was fixed by law in 1928 as the equivalent of 59 milligrammes of fine gold, and is still worth that amount. The pound, on the other hand, was re-fixed in 1925 at 113 grains of gold, and although no new relation has been fixed, it is worth far less to-day. In fact it requires six pounds sterling to buy an ounce of pure gold whereas two years ago it required only four-and-a-quarter. It is customary to measure external depreciation by reference to gold currencies just because in the ordinary way all currencies have a fixed relation to gold, though as currency after currency has parted from gold it becomes more and more difficult to keep that standard of measurement. It is equally accurate to speak of the dollar depreciating in terms of sterling as in terms of francs, or gold, but convenient to speak of external depreciation *tout simple*, implying a relationship with gold.

Here we must notice that it is a mistake, which dies harder than perhaps any other, to suppose that inflation, or internal depreciation, is impossible so long as a country's currency is fixed to gold. Over and over again commodity prices have risen in countries on the gold standard, so that their currencies have depreciated internally. In this event gold itself has depreciated along with the currency which represents it. Thus between 1902 and 1913, as an example, the pound depreciated internally by more than ten per cent, notwithstanding that the pound and nearly all other currencies were attached to gold throughout. The fact was that gold itself became rapidly more plentiful, and was therefore worth less in terms of goods. All currencies fixed in relation to gold lost value in rough correspondence and, though suffering internal depreciation, none of them underwent external depreciation. Incidentally, it was a highly prosperous period.

In the present world confusion many currencies, although not undergoing internal depreciation—the trouble is that they went much too far the other way—have suffered varying degrees of external depreciation and have lost value in terms of gold. The question now arises whether the stage has been reached at which the external relationships of these currencies accurately represent the differences in their internal purchasing powers, and whether, therefore, their respective degrees of depreciation can safely be stereotyped by devaluation. President Roosevelt, by his rejection of the proposed agreement on exchange stabilization, has clearly answered: No. Under an Act of the United States Congress, the President has power to devalue the dollar, that is to reduce its gold "content", by anything up to fifty per cent of its former

"content". He has not yet devalued; he is not devaluing; and no one knows when or by how much he will devalue, if indeed he finds it necessary in the last resort to do so at all. *What he has done is to depreciate the* dollar both internally, by producing a rise in *commodity prices, and externally by producing* conditions for a fall in the exchange value of the dollar.

From this it would appear that, while depreciation, particularly internal, is of great importance to everyone, devaluation matters very little. So far as direct effects are concerned this is true. Devaluation in itself matters only to gold producers, regarded in the widest sense to include holders of gold mining shares, and to hoarders of gold, for they are then assured of a fixed price for their products or their "capital". If, for example, *the pound were "devalued" to 80 grains* they would be assured of a return of six pounds an ounce, and this would make it worth while to increase the productive capacity of the mining industry. Yet devaluation, if accomplished in haste or at the wrong figure, may be of tremendous importance to everyone. Let us suppose that the "true" value of the pound as determined by relative purchasing powers, is about 86 francs; that is, the equivalent of nearly 80 grains of fine gold. Then devaluation would do no harm if the gold content of the pound were reduced, by Act of Parliament from the present statutory figure of 113 grains to 80. But let us suppose that the new gold value of the pound were fixed at 90 grains, *giving a new fixed exchange rate of roughly* 100 francs to the pound. Then the pound would be "overvalued" and we should be faced with exactly the same problem as in 1925—the problem of adjusting our costs of production downwards to conform with a new fixed exchange rate. And the conditions for effecting that adjustment would be just as unpropitious as in our formal dismal experience. It is thus of the utmost importance that if and when devaluation takes place it shall result in the new fixed exchange rates accurately representing relative internal purchasing powers. In order to be sure that this is so there must be some degree of stability in internal *purchasing powers of different currencies.* To fix new exchange rates by general devaluation while at least one major currency is being subjected to deliberate internal depreciation would be dangerous in the extreme. To do so piece-meal, without waiting for general agreement, would be equally full of risks. Hence the impossibility of securing final stability of exchange rates until the future internal value of the dollar has become far more calculable than it is to-day.

During the year 1930-31, the area irrigated by Government works of all classes in British India amounted to 31 million acres, which was slightly below the previous record of 31.6 million acres irrigated in India for the year 1930-31. The monsoon of 1930, says the report, was on the whole normal during the season, though its activity in August was mainly confined to Burma and North-East India. The total amount of rainfall for the period June to September was in large excess in west Central India, in moderate degree in West Rajputana, Berar, Mysore, and South-East Madras and within 22 per cent of the normal elsewhere. Over the plains of India as a whole, the aggregate fall of the season was below normal by four per cent. The average area irrigated by Government works, excluding that situated in Indian States, during the year under review:—

Punjab, 11,485,135 acres as compared to 11,200,550 acres during the previous triennium 1927-30; Madras 7,573,043 and 7,277,967; Bombay (Deccan) 403,000 and 406,748 (showing a decrease for the year under review); Sind, 3,716,000 and 3,579,592; Bengal 72,533 and 90,054; United Provinces, 3,988,780 and 3,639,867; Burma, 2,098,26 and 1,994,321; Bihar and Orissa, 889,682 and 907,067; Central Provinces 423,231 and 400,438; N.W.F. Provinces, 904,935 and 403,064; Rajputana, 19,998 and 31,784 and Baluchistan 22,273 and 22,407 respectively.

The great need of this nation is to realise that the day of the amateur in commerce is gone.

* * *

The greatest mistake you can make in this life is to be constantly fearing you might make one.

* * *

Every man who is making ten thousand a year or over has forgotten all he ever knew about algebra.

* * *

You can tell by a man's face when he has loved and lost, and by his pockets if he has loved and won.

MEN OF THE MOMENT

The Right Hon'ble Mr. Ramsay MacDonald
Prime Minister of England
President of the World Economic Conference

Pussyfoot Johnson
The American Temperance Reformer
who recently toured the North-Western States and says that the outlook for Prohibition is dismal.

M. Joseph Avenol
Secretary-General
The World Economic Conference.

Sir Tej Bahadur Sapru
Member, Joint Parliamentary Committe
on India
who on return from England is retiring "to the peacefulness of the life of a provincial lawyer."

Canadian Trade and Finance.

Business Conditions.

June 27, 1933.—With a rise in the prices of agricultural and mineral products, increased car-loadings, a more than seasonal improvement in employment and an increase in both the volume and unit value of exports, the evidence seems to show that the tide of business has turned and that its flow will quickly spread to those parched areas which have not yet felt the improvement. The increase in activity of business, together with the influence of the much greater improvement in the United States, has tended to generate an optimism which of itself helps to produce further improvement.

In its early stages business improvement shows itself in rather isolated bits of intangible information. It is not until the movement is well under way that general statistics reflect this improvement which by that time will have made itself felt in the plans and policies of a great many companies. While the following statistics are not to be accepted as indicative of general improvement, they suggest the trend. The corresponding figures for last year are included in order that the two trends may be compared.

Significant Statistics and Indices.

Canada	Feb	March	1933 April	May	June
Wholesale price index	63.6	64.4	65.4	66.9	
Automobile production	3,298	6,632	8,255	9,396	
Newsprint production (thousand tons)	126	137	148	172	
Construction contracts awarded (000 omitted) ..	$3,149	$3,192	$8,609	$6,514	
Car-loadings, first two weeks in each month (thousands)	63	69	63	74	80
Security price index	44.5	41.3	41.2	54.3	63.5

	Feb.	March	1932 April	May	June
Wholesale price index	69.2	69.1	68.2	67.4	66.6
Automobile production	5,477	8,318	6,810	8,221	7,112
Newsprint production (thousand tons)	159	167	177	176	161
Construction contracts awarded (000 omitted) ..	$14,803	$10,767	$10,113	$14,186	$12,155
Car-loadings, first two weeks in each month (thousands)	81	84	83	85	86
Security price index	63.2	62.9	51.7	44.6	42.2

In the table given above it should be noted that newsprint production has increased by nearly 40 per cent, that automobile production has almost tripled, construction contracts have doubled and car-loadings have greatly increased. A large part of this improvement is seasonal, but it is the fact that the improvement shown is greater than seasonal which tends to substantiate the new optimism which is general among the farmers of the West who are receiving a better price for their wheat, in the mining industry, which is rapidly increasing its output, and in the manufacturing areas of Canada, where orders are being received in better volume than for the past two years.

Nothing that has been said should lead to the conclusion that revival has reached a point where there is a general increase in activity in all branches of industry. Most lines of manufacturing are still much depressed, but a summary shows numerous instances where improvement is quite pronounced. Agricultural implement plants have increased operations. The output of new automobile models was restricted early in the season but has been expanding rapidly. Production in May was the largest in any month since May 1931. The iron and steel industry has continued to lag behind the progress being made in the United States, but a recent Government order for 50,000 tons of rails has enabled the Dominion steel plants to increase operations and recall many workers who have been idle for months. Structural steel orders are still curtailed, but some miscellaneous buying is reported. Building materials are moving slowly but some progress is being made. Foodstuffs continue in good demand and plants are busy. The textile industry is operating at nearly 90 per cent

of capacity and is on a better basis than for many months. Production of newsprint during May was the largest reported this year. The output amounted to 171,776 tons against 147,759 tons in April 1933 and 175,887 tons in May 1932. In spite of these encouraging gains, however, manufacturing operations as a whole continue on a very restricted basis.

The general improvement in business is being reflected in increased railway traffic. Car-loadings during the three weeks ended June 10th made the best showing since the depression began in 1929. This increase in traffic is resulting in higher railway earnings: the Canadian Pacific reporting the first gain in a long time over the corresponding period of the previous year when gross earnings for the week ending June 14th amounted to $2,437,000—$131,000 larger than in the same period in 1932.

New construction contracts awarded during the first three months of 1933 totalled less than $10,000,000. The monthly totals were the lowest since January 1919, when the value sagged below $3,000,000. With the opening of spring, conditions improved rapidly, contracts awarded in April having a total value of $8,600,000 and in May $6,500,000. The aggregate value of all contracts awarded during the present year, however, is still very much below the comparative figures for many years.

There has been a steady improvement in the lumber industry and the immediate outlook is considered more favourable than for several years. The domestic demand has been better and the export market has not been so active since the spring of 1929. It is estimated that Pacific Coast mills sold over 70 million feet of lumber during May. The United Kingdom was the heaviest buyer, the increase in orders being largely due, it is reported, to the British embargo against Russian timber. Satisfactory orders were also received from Australia, South Africa and China. Business from Japan, however, has been lighter than for some years. Prices are strong, and, as available stocks are comparatively small, mills in various parts of the country are commencing operations. Should the demand continue it is predicted that woods operations will be more active during the coming winter than for some years.

Landings of halibut at Prince Rupert totalled 1,718,000 pounds in May 1933 as compared with 1,678,500 in May 1932. The total for the first five months of the year increased from 4,643,500 pounds in 1932 to 5,320,500 pounds in 1933. The Canadian fleet is operating at approximately 50 per cent capacity. Prices are also better, having risen from $4.00 to $4.90 per hundredweight, and further increases are anticipated. Salmon canning operations are getting under way. The run in the Fraser River was late, but a good run was reported on Vancouver Island. Conditions on the Atlantic Coast have not been so satisfactory. The catches were generally good, but prices continue low. Dried fish markets are poor as the result of the competition of supplies from Newfoundland. The catch of lobsters was disappointing.

Gold production in Ontario has been well maintained. The value of the output during the first five months of the year was $18,700,000 as compared with $19,000,000 in the corresponding period of 1932. Operations at all established camps in other provinces have continued and progress has been made in various development works. Exploration was pushed vigorously all winter. With the opening of spring, equipment and supplies were sent in and many promising prospects are being tested. Every indication points to a satisfactory year for the gold producers. For a long period all shipments of gold have been going to the United States to the exclusion of Great Britain. That situation has now been completely reversed; $8,717,616 in gold was sent to Great Britain in May and only $119,983 to the United States.

Higher prices for silver and other metals have resulted in increased interest in these mines and some increase in operations is anticipated if prices continue firm. Nickel sales have been holding up well and operations at Sudbury have recently been increased from 20 per cent to 40 per cent of capacity. Exports of nickel are also better, the total shipped in May amounting to 45,676 hundredweights against 18,452 hundredweights in May 1932. The bulk of these exports was destined to Great Britain.

The rising level of commodity prices has been accompanied by an increase in the volume of wholesale and retail trade. Buyers generally, when prices are declining, are loath to do more than meet their immediate requirements anticipating a further decline in the price level. Reports from all sections of Canada show a better demand from consumers for all types of mechandise. Seasonal demand may account for some of this increase but the improvement has been general and includes lines not ordinarily subject to this influence. It is also reported that buyers are not only spending

more freely but are choosing goods of higher quality than formerly.

WORLD WHEAT SUPPLIES.

At the end of the present crop year the carryover of wheat will be the largest on record, yet the past six months have witnessed so sharp a rise in the price of wheat that it is now almost double that which prevailed at the beginning of the year. This situation calls for analysis.

The large bulk of the surplus supplies are found in the United States and Canada. At June 30, the end of the crop year in the United States, the carryover will be about 360 million bushels, and at the end of July the carryover in Canada may be as much as 160 million bushels. In other parts of the world supplies are normal or less. It is the question as to what is to happen to the wheat in the United States and Canada that has aroused world-wide discussion.

The United States has practically withdrawn from the world market. On June 21 the price of cash wheat in Chicago was 78½ cents, *which might be considered as the equivalent* of a Liverpool price of approximately 90 cents, but the actual price prevailing in Liverpool on Canadian No. 2 Northern on that date was 68¼ cents (U. S. funds).

The only possibilities under which wheat from the United States can be marketed abroad are: (1) A fall in the price of wheat in the United States to the world price level. Since the Government of the United States seems to be pursuing a policy which would bring to the farmer even higher prices than those which now prevail, this does not seem a probable contingency in the immediate future. (2) World prices might rise to the level of those prevailing in the United States. Since the American objective is undoubtedly higher prices, this would presuppose a world shortage, of which there is no evidence. (3) The United States Government might buy wheat at internal prices and market it abroad at world prices. Aside from the opposition which would be encountered from those governments which object to dumping, the monetary loss entailed would be heavy. (4) *It is possible that the surplus will be carried* over in the hope that it will be consumed in the United States in 1934 and 1935. While the risk and carrying charges would be high, the objections to this procedure seem less decisive than the obstacles which will arise in carrying out the plan mentioned under heading No. 3.

Moreover, the small current crop in the United States lends a certain practicability to the plan mentioned under heading No. 4. The present condition of the winter wheat crop in the United States indicates that the 1933 harvest will be the smallest since 1904. Official estimates place the yield at 340 million bushels against 462 million bushels in 1932, and a five-year average of nearly 600 million bushels. Winter-killing was heavy and seriously reduced the acreage available for harvest. Large areas, already in poor condition, suffered a further substantial injury from abnormally hot and dry weather during June. Spring wheat seeding was considerably delayed by inclement weather. the acreage sown was somewhat smaller than in 1932 and the growing wheat has been injured by drought. Even on the basis of an average yield for spring wheat, the total crop of the United States cannot exceed 600 million bushels, approximately 100 million bushels under normal requirements. The most pessimistic reports have placed the total of the current crop as low as 500 million bushels. The crop of 1932 amounted to 727 million bushels, and the five-year average to 874 million bushels.

If it is feasible to disregard the possibility of exports from the United States, the world carryover cannot be regarded as abnormal. If the dry, hot weather now prevailing fails to alter crop prospects materially, there will be something like 400 million bushels, including the carryover, available for export from Canada during 1933-34. Under these circumstances it is fortunate that supplies in foreign distributing centres are low, and that exceptionally large crops are not expected in most producing countries.

In Europe, the total area sown to fall wheat showed little change and winter conditions were generally favourable. Larger acreages were reported for England and Wales, and for France, but weather conditions in the latter country have been poor and unofficial reports indicate a decrease of 30 million bushels in this year's crop as compared with 1932. Conditions are better in Germany and Spain and average crops are anticipated. Italy looks for a good crop, although the quantity harvested will be less than the record established last year. A larger crop is also expected in the Danubian Basin, where the yield last year was but little above ddomestic requirements. Estimates of the areas sown to the individual grain crops in Russia are not available but the total sown to all spring grains

up to June 1 is reported as 195 million acres, the largest in the past three years.

Shipments from the Southern Hemisphere have been steady and no substantial increase is anticipated in the amount of wheat carried over into the coming season. No official estimate has been issued regarding the area sown to wheat in the Argentine, but little change from 1932 is expected. Moisture has been ample in most areas and conditions are generally satisfactory. Australian conditions have not been so favourable and official reports also indicate a slight reduction in acreage.

Agricultural Prospects.

As always in the past, a major rise in the price of wheat has brought mounting optimism to Western Canada. Last December the price of wheat reached a low of 39 cents per bushel for No. 1 Northern, a price which meant heavy losses to all wheat growers. Spring this year was late, prospects were most discouraging and it seemed probable that farmers would have to face another year of small crops sold at low prices. Against this bleak background came the spectacular rise in the price of wheat, carrying it to a level which to seems assure moderate profits, and later, so great an improvement in weather conditions that prospects favour a crop of about the same size as that of 1932, a comparatively good year, unless the abnormally dry hot weather of June materially affects ultimate yield.

The Report of the Dominion Bureau of Statistics indicates that the area sown to spring wheat in the Prairie Provinces decreased by 1,475,000 acres as compared with last year. Other reports show even greater reduction in wheat acreage. It is of some interest to note that in a year when there was a decline of approximately one and one half million acres, 471,900 acres of new land were broken. This means that nearly two million acres of land usually used for wheat have not been planted this year.

Spring wheat acreage in the Prairie Provinces is estimated at 24,919,400 acres. Outside the Prairie Provinces a total of 251,600 acres was sown to spring wheat and 547,000 acres to fall wheat, last autumn. This brings the total area sown to wheat for the 1933 crop to 25,718,000 acres as compared with 26,646,000 last year. Slight increases are reported for oats and mixed grains and decreases for barley, rye and flax. The decline in flax amounts to about 15 per cent.

No great loss has been reported from soil blowing or drifting but exceptionally serious damage from grasshoppers seems a possibility. Extraordinary precautions are being taken in infested areas to deal with this danger in all three Prairie Provinces. During the early part of May, grasshoppers appeared in large numbers but later they were held in check by wet weather.

For several years soil conditions have been unsatisfactory owing to lack of moisture. During this past winter the snowfall was heavy and it melted gradually without much loss of moisture. Rains in April and May were general and moisture conditions were better than they had been since 1928. The sub-soil, however, lacks deep saturation, particularly in the dry belt in the south-western section ofManitoba and southern Saskatchewan. By the middle of June a prolonged dry spell together with excessive heat had made the need for rain acute.

In the three Prairie Provinces livestock wintered well, although some shortage in feed supplies was reported. Pastures have improved with heavy rainfall and farm animals are doing well. The production of dairy products has increased in consequence. It is expected that the hay crop will be heavy and feed supplies more abundant next winter.

The season opened about two weeks later than usual in British Columbia and seeding was delayed by cool weather. Small increases are reported in the acreage sown to the principal grain crops. Fruit trees wintered well and are progressing favourably in spite of the late season. A good crop of apples is anticipated, although the volume is not expected to equal that of the bumper crop of 1932. Soft fruits are not likely to do so well. Livestock are only in fair condition as pasturage was poor on account of the late season and hay supplies were short.

In Ontario, the weather early in the season was generally cool but conditions improved later and spring work proceeded rapidly. Winter-killing of fall wheat was heavier than last year and growth was slow early in the season. Rapid progress was made during May and June and the prospects for the crop have improved. The acreage sown to the principal spring grains does not differ materially from last year. Spring wheat and oats show small decreases, but these are offset by increases in barley and mixed grains. At the moment of writing, these spring grains are looking well. Pastures, hay and clover have developed rapidly and cutting was

commenced earlier than for some years. Heavy yields are expected. Pastures were slow in development on account of the late season, but a shortage in feed supplies forced some farmers to turn their cattle out early. Grass is now plentiful and livestock are in good condition. The weather in Quebec was more favourable, and meadows were in better shape at the beginning of the season than they were last year. Winter killing was heavy in some districts. *The acreage sown to all grains is* somewhat larger than in 1932, with the exception of rye. The area planted to tobacco is expected to be smaller than in 1932. Insect pests are worse than usual throughout the province and precautions are being taken to prevent serious damage. Fruit trees wintered well in both provinces and little injury was reported. The orchards were backward early in the season but high temperatures during May and June stimulated development and bloom was heavy.

The season was also late in the Maritime Provinces and seeding was not general until the middle of May. The acreage planted to the principal grains is practically the same as last year. Early in the season a substantial decline was anticipated in the plantings of potatoes, particularly in Prince Edward Island, but recent reports indicate that any reduction *will be comparatively small. Pastures and* apple orchards wintered well, but development was retarded by cool weather and the trees are not so far advanced as usual at this season. The bloom was heavy, the fruit is now setting satisfactorily, and the damage to date from scab and insects has been slight as spraying was thorough. Conditions on the whole have been good and give promise of satisfactory crops.

Economics of Indian Sugar Industry.

By R. H. C.

Sugar Statistics.

Some valuable notes drawn up by the Sugar Technologist, Imperial Council of Agricural Research, Simla, containing statements showing provincial distribution of cane, acreage and sugar factories and various other subjects, including what should be the fair price to be paid to cane-growers, were supplied to the members of the Sugar Conference recently held at Simla. We note from it that the number of factories actually working with cane only, with *gur* only, and with cane and *gur* for the various provinces in India are as follows :—

With Cane Only.—United Provinces 42, Punjab 3, Bihar and Orissa 3, Madras 5, Bombay 5, Bengal 1, Mysore 1, Burma 1—Total 89.

With Gur Only.—United Provinces 5, Punjab 2, Madras 2—Total 9.

With Cane and Gur Both.—United Provinces 17, Punjab 1, Bihar and Orissa 3, Bengal 2, Madras 1, Kathiawar 1—Total 25.

The cane crushing capacity (in tons per day) of the various provinces is as follows :—

Factories working with Cane.—United Provinces 17,366, Punjab 1,300, Bihar and Orissa, 17,225, Bengal 400, Madras 1,000, Bombay 1,300, Mysore 400, Burma 350—Total, 39,341.

Factories working with Cane and Gur.—United Provinces 7,220, Punjab 250, Bihar and Orissa 550, Bengal 900, Madras 700, Kathiawar 100—Total 9,620.

Total Crushing Capacity of Both the above-mentioned Factories.—United Provinces 24,586, Punjab 1,550, Bihar and Orissa 17,775, Bengal 1,200, Madras 1,700, Bombay 1,300, Mysore 400, Burma 350, Kathiawar 100—Total in all Provinces 48,961.

Factories working with *gur* which are only in the Punjab have melting capacity of 58 tons, while factories working with cane and *gur* have melting capacity of 35 tons per day, the total *gur* melting capacity of the Punjab being 93 tons.

On the subject of increase of production of sugar in India the note says that 46 new factories are commencing work during the season 1933-34. The total capacity of these is 20,000 to 25,000 tons cane per day. The estimated production of sugar amounts to 183,600 tons to 229,500 tons sugar per year. A figure of 180,000 tons may safely be accepted and to this may be added 20,000 tons on account of production from *gur* giving a total of 200,000 tons. The consumption for 1932-33 is found to be 928,607 tons showing a drop of about 50,000 tons over the previous year. It is difficult to give a forecast of future consumption as this depends on several factors, the most important amongst them being the future price level of sugar and the economic condition or purchasing power of the people.

The consumption of sugar reached the highest point during 1929-30 and 1930-31

when the prices were the lowest. Taking into consideration all facts it is pointed out that the immediate future indicates a lowering of sugar prices and, in consequence of this, an increase in consumption may be looked for. The note further adds that the index numbers of staple crops do not show any signs of improvement so far and the tendency continues to be downwards, though the decline is not as rapid as previously. It is obvious, therefore, that any marked improvement in the economic condition cannot be looked for in the immediate future. Recovery, when it comes, is bound to be slow.

So far as consumption of sugar is concerned, any increase as a result of improved economic conditions is, therefore, likely to be slow and small in volume. Whatever increase in consumption of sugar does take place, will, therefore, be due to almost entirely a fall in sugar prices as a result of larger home production and more internal competition.

On the question of whether the present rate of development is satisfactory excessive or inadequate, it is said, that it cannot be regarded as inadequate as India is likely to become self-supporting in the matter of supplies of sugar within four years of the imposition of the protective tariff. It cannot also be considered as excessive, provided future expansion is not allowed to outrun the consumption.

A list containing modern sugar factories and refineries actually working in India shows that in Bihar and Orissa there are 11 factories, in the United Provinces 15, Punjab 2, Madras 2, Bombay 1, Burma 1. The number of factories working with raw sugar alone are: Bihar and Orissa 1, United Provinces 5, Madras 4 and Punjab 2.

The report contends that the basis adopted by the Tariff Board in calculating the protective duty on sugar industries needs modification now in the following respects due partly to the changed market conditions and partly to discrepancies in the data supplied to the Board.

Capacity.—The quantity of cane which a factory of the type considered by the Board can crush is much higher than thirteen lakh maunds cane per season. Several such factories actually working at present have crushed twenty to twenty-three lakh maunds. A figure of eighteen lakh maunds may be adopted as a conservative average.

Prices.—The price of cane actually paid by factories during the last two seasons has been between four annas and six annas per maund delivered at the factory. For the present purpose, six annas will be a very safe average in place of eight annas taken by the Tariff Board. Molasses is almost unsaleable now.

The actual cost of production of a maund of sugar is Rs. 6-13-8 as against Rs. 8-3-8 and Rs. 6-10-9 calculated by the Tariff Board for the initial and final stages respectively of the protective period. Similarly the fair selling price at present allowing for ten per cent profit on the capital investment is Rs. 7-11-0, corresponding to Rs. 9-5-9 and Rs. 7-12-5 on the Tariff Board's basis. If the present state of affairs continues, till the factories have made improvement in their plant and process so as to increase the recovery from 9 to 9.4 per cent sugar on cane, the margin of profit will become much larger. Dealing with comparative importance of sugar and *gur* manufacture, the note lays special emphasis on an important point in connection with the present position of sugar industry that the protection which has led to its rapid expansion is based on considerations which are essentially agricultural in nature. The second point of equal importance which must be noted is that sugar manufacture by modern factories takes up a comparatively small portion of the total sugarcane crop of India. How defective location of sugar factories affects sugarcane which is one of the few crops which give a fair return to the grower is also stressed in the note. When normal agricultural conditions return, sugarcane may not be able to maintain its privileged position and the area under cane cultivation may diminish proportionately to that under other crops in these localities. The factories then will have to go further afield for their supplies of raw material or to pay a higher price for local cane. Whilst the defective location of some of the factories was due to lack of foresight, the note concedes that the congested areas in Bihar possessed at the time a number of advantages. For instance the cane-growers in these areas are not accustomed to *gur* making to the same extent as cane-growing areas. They understand the system under which factories purchase and are, therefore, willing and eager to sell their cane in preference to turning into *gur*. There is also no indigenous Khandsari industry to compete for cane supplies. Trained labour for work in these factories is also plentiful.

MODERN SUGAR PRODUCTION IN INDIA.

Those who are wondering whether, in these days of ½ per cent interest without thanks on bank deposits, they should take shares in

Indian sugar companies, will be wise, to stop, to ponder, and ask themselves questions like the following, says a Sugar Expert in *Tropical Life* :—(1) Do I know by name or reputation any one mentioned on the prospectus ? (2) Has the company a substantial office in London, or a leading firm to represent them, who, in case of trouble, can be taken to court ? In case the answer to these and other queries are in the negative then ask yourself, remembering cane-sugar ventures in Cuba and elsewhere. "What hold have I got over my money once I let it go ? Shall I have any at all ?" There are millions of lakhs of rupees idle in India, so those who know nothing of the country, of the industry and of the names on the prospectuses will be wise to allow India to finance the companies and leave them alone until they become better acquainted with the risks they run. One thing must be allowed in favour of these undertakings, *viz.*, if the companies about to start can show a profit at present prices, thanks to the high protective tariff in India, success should come their way given good management and no cancellation of the protective tariff.

Against success, is the trouble to run a decent sized mill to capacity, *i.e.*, to obtain sufficient regular supplies of well-developed cane instead of uncertain quantities of low-yielding broomsticks. Incessant efforts are being made to produce improved canes; great credit is due to those who are working determined to bring this about; then, given such cane, who can estimate what India's supply of sugar will mount to without increasing the areas planted. At present one feels the land-owners (ryots) get, at most, 70 per cent of the cane per acre they should do, and 50 or 60 per cent only of juice and finally *gur* (about 60 per cent sucrose) out of what they do crop. Here, therefore, well-equipped mills, say to put out 20,000 tons of sugar per annum, could give the Indian peasant much better returns than he is now getting (especially if they can, at the same time, eliminate the money-lending Shylocks, who seem to swarm like flies on sugar, on the poorer classes and suck all the pleasure out of their lives) and at the same time show a profit to the mills. Factories, however, to turn out 4,500 tons only per annum and to cost, when ready to start, about £ 90,000, do not appeal to the writer as coming in on the ground floor for initial costs, and even were a factory turning out 9,000 to 10,000 tons to cost only 50 per cent more, say about £ 125,000 ready to start, such a cost is unlikely to be able to compete with Cuba and Java in overhead charges This weak point no doubt is why the tarif wall has been erected, at least for a time unti it may be, the cane to be supplied comes ii of better quality and more regularly, whethe the plots run from one, two, five, or a hundre acres, and are fairly even in quality, for broom sticks and fat juicy canes do not go wel together through the rollers of the mill.

All must wish India good luck on her efforts to modernize cane sugar production in her midst; may they make few mistakes and much money out of it, but in both cases especially with regard to possible mistakes let us leave India to finance those; she can well afford to, this country cannot do so, at any rate as things are and as they tend to be just now.

GROWTH OF CANE SUGAR.

Dr. O. W. Wilcox, writing in *Facts about Sugar* for June, mentions the following case in Queensland, not Hawaii, where 22½ long tons of cane sugar were obtained to the acre.

"In the season of 1931-32, Barke, at the South Johnstone Station in Australia," he tells us, "carried out with sugarcane an experiment such as the International Institute has recommended be made with sugar beets in as many regions as possible. Sugar-cane of the Badila variety was planted on a deeply ploughed field, which was well fertilized and the soil kept at the optimum water content throughout the growing season. The crop was harvested at the end of 16 months and yielded 143.9 long tons of mill cane per acre (3,612 metric quintals per hectare) containing 15.9 per cent of sucrose, corresponding to a yield of 22.8 long tons of commercial cane sugar (94 per cent) per acre, or 57.3 metric tons per hectare. The present average yield of sugar in Queensland, at the best, does not exceed 3 tons from unirrigated fields. This is a fresh demonstration of what enormous yields of cane sugar can be obtained at any place in the tropics where intelligent use is made of water and plant food."

It appears that H. M. The Shah of Persia has requested the Mitsubishi Trading Co. to tender a cotton spinning mill plan for about 10,000 spindles to spin 20's yarn. The company has requested Japanese makers to submit their estimates. The Persian Court has further requested the company to recommend a Japanese expert who can go to Persia to instruct the Persians. The salary offered is said to be 10,000 yen per annum.

Economic Notes.

Khadi and Muslims.

Mr. M. Asaf Ali writes :—Mahomedans, as a rule—*it is felt*—have not patronised *Khadi*. This is not because of lack of patriotic sentiments but a feeling that the movement to revive and re-establish the use of handspun and handwoven cloth has been started essentially to benefit the Hindus and is, therefore, prejudicial to Muslim interests. This does not mean that there are no noble and distinguished exceptions among the Muslim community and exceptional credit is due to them. Nor does this mean that the entire Hindu community is given to the use of Khaddar, because when compared with the sale of foreign cloth that of Khadi is a mere drop in the ocean. The only thing that may be said of the average Hindu is that he is not prejudiced about it. The Muslim, on the other hand, unfortunately adopts a hostile attitude. Khadi should have no communal tinge about it and the All-India Spinners' Association desire to make it clear to the public that if anything Khaddar aspires to bed is to be of service to everybody regardless of their caste, creed or community. There is a misunderstanding that economically Khadi benefits the Hindus to a larger proportion than the Muslims. To prove this a fallacy the following facts are given :—1. The proportion of Muslims to Hindu farmers and spinners is larger in relation to their respective population. 2. The Muslim is generally a better spinner; hence a bigger earner. 3. The weavers, carders and dyers are predominantly Muslims. 4. The carders and weavers are most liberally paid, each earning from Rs. 15 to Rs. 20 per month. A small fraction is spent in establishment and freightage, etc. The major portion of the profits from sales are distributed amongst the masses. The use of Khadi means the help of the masses and it is earnestly hoped that the realization of this fact will make every Muslim and Hindu a believer in Khadi.

Mr. Nevinson.

A London correspondent writes :—Sir Tej Bahadur Sapru paid a tribute to Mr. H. S. Nevinson at a valedictory lunch attended by about 400 guests. Sir Tej recalled Mr. Nevinson's visit to India, a generation ago and asked him not to forget India now but to go there and come back to tell his countrymen about the actual state of affairs.

Export of Bar Gold.

Bar gold worth Rs. 78,86,567 was exported from Bombay for foreign countries during the week ending 1st July. The total value of gold exported from Bombay since Great Britain went off the gold standard upto 6th July amounts to Rs. 144,38,30,903.

Gandhian Literature.

The Manager of the Navjivan Press, Ahmedabad, in a statement to the Press, says that the closing down of the Navjivan Press owing to the existing political situation has had some results which the Navjivan management would like to avoid as far as possible. One of the results has been the stopping of all printing of Gandhian literature for which there is an increasing demand. While the management cannot think of re-starting the Press until after a settlement is reached, they think that they owe to the public to supply them with clean and ennobling literature which it has been the ambition of the Navjivan publication department to provide practically at cost price. They have, therefore, decided to get books which are in greater demand printed elsewhere as soon as possible. They have decided to open their bookshop at Gandhi Road, Ahmedabad. The printing of several books by M. Gandhi has been already taken in hand and they will be ready shortly.

Expectation of Life in India.

From experience we find that out of every 1,000 people who at the age between 28 and 30 are in sound health and mind, 99 die within 10 to 12 years, 240 die within 20 to 25 years and no less than 450 die before the age of 60. From the above table of mortality, we reach the conclusion that insurance at the present time and for all time to come is an essential factor for the well-being of the people of this country.

Japan on Barter.

We note from the *Japan Times* that a novel trading method will be adopted by Japanese spinners and traders concerned in the form of a barter system between Japan and South and Central American countries. In this connection representatives of the Ito Chu Trading Company, the Nippon Cotton Trading Company, the Dai Nippon Spinning Company, the Toyo Spinning Company and the Fuji Spinning Company

are leaving Kobe by the O. S. K. steamer scheduled to sail from the port on August 6 for South America *via* African ports. It is understood that the spinners and traders intend to export their products to countries in South and Central America and get the latter's surplus stock of raw wool, raw cotton and other important commodities in exchange. The report further states that some understanding has been reached between the Yokohama Specie Bank and the traders concerned in regard to the proposed barter system of trading with Central and South American countries.

NEGRO TURNED WHITE.

A negro in Haiti, according to the Monaco Consul there, claims to have discovered the secret of making a black man as white as any European. The negro, who is 63, and named Dauphin was, the Consul states in his report, asthmatic, and to get rid of his trouble was advised to take a powder made from a plant called "roisy". But he made the mistake of taking the powder all at once instead of in small doses spread over several days. The effect was shattering, and Dauphin collapsed in a coma which lasted for five days. Then followed a couple of months of all kinds of discomforts and blindness. But when Dauphin eventually recovered his sight he did not recognize himself in his mirror. He was white. The Head of the Public Health Service in Monaco, Dr. Marsan, is naturally deeply interested in this transformation of a negro, and has cabled to Haiti for more details and for specimens of "roisy".

NIRA VALLEY RAILWAY PROJECT.

It is understood that the report of Mr. W. A. Evershed, deputed by the Railway Board and Mr. R. O.-C. Thomson, Irrigation Officer of the Government of Bombay, regarding the practicability of a new railway line in the Bombay Presidency, which would serve large tracts in the Deccan, where sugarcane is extensively grown is ready, and has been dispatched to the Government of Bombay from here. It is stated that the report recommends *inter alia* the construction of a narrow gauge railway line from Baramati through or nearabouts Asu, Nateputa, Malsiras, Akluj Belapur and finally to Pandharpur. The programme includes the completion of the road from Phaltan to Baramati station, improvement of the road from Akluj to the confluence of the Nira and the Bhima rivers, with two bridges constructed *en route* at Sangvi and the other at Baramati. This was one of the projects that was prominently brought to the notice of the Road-Rail Enquiry Committee. It is understood that the projects will provide transport and other facilities for the proposed sugar factories in the Nira valley and will initiate a new policy of co-ordination between road and railway.

JAPANESE MILLS.

Mr. G. D. Birla in the course of a lengthy interview to the Associated Press had some interesting observations to make regarding the efficiency of Japanese Mills. We give below the relevant passage: Sir Joseph Bhore is to be congratulated on the small protection which he has been able to afford against the Japanese dumping to the Indian cotton textile industry. Unfortunately, the action has been taken after a great mischief has been done as already a large amount of Japanese imports have been glutted into the Indian market which will take a very long time to be cleared off. Japan is helped not only by a depreciated exchange but also by labour most efficient yet most ill-paid and therefore whether this extra protection will prove to the Indian Mills to be adequate or not, time alone will show. It is, however, a question for the serious investigation of the Indian millowners as to why and how it is possible for the Japanese producers to compete in the Indian markets not only against the Indian textile industry (which though protected yet is ill-equipped and ill-manned as compared with the up-to-date plants of the more advanced countries to stand against the Japanese competition) but even against the Lancashire Mills which may be called to he in a most advanced stage and which too are protected in the Indian market to the extent of 25 per cent which amount has now been increased to 50 per cent in favour of Lancashire. That even such old and experienced industrialists as the Lancashire people are not in a position to stand against the Japanese competition is a matter which speaks volumes for the Japanese nation and does not reflect any credit to the textile stalwarts, whether India or British. I think the time has come when at least the Indian cotton industrialist should make serious investigation about the method of work in Japan and in other countries so as to bring up the Indian industry to the level of the other efficient mills in the world.

INDIAN COFFEE STATISTICS.

The Department of Commercial Intelligence and Statistics has issued a pamphlet dealing

with Indian coffee. The coffee industry of India is confined to Southern India, comprising the Madras Presidency, Coorg, and the States of Mysore, Travancore and Cochin. The statistics dealt with in this publication are based on data furnished by coffee planters, which are received in this department through the Director of Industries, Madras, the Director of Land Records and Agriculture, Coorg, the Mysore Darbar and the Agent to the Governor-General, Madras States. Hitherto returns relating to estates or plantations of an area smaller than ten acres were excluded from these statistics. The number of reporting plantations in the year under review was 8,191, covering a total area of 307,219 acres, as against 3,401 plantations with an area of 284,041 acres reported in 1930-31. But the area actually under coffee in the reporting plantations in the year under review was 173,224 acres, as compared with 160,261 acres reported for plantations having an area of ten acres and over in the preceding year. New land planted with coffee during the year amounted to 4,497 acres, while the area of old cultivation abandoned was 5,976 acres. Of the total area under coffee during 1931-32, Mysore accounted for 52 per cent, Madras 24 per cent, Coorg 22 per cent, and Cochin and Travancore together 2 per cent. The total reported production of cured coffee during the year 1931-32 was 33,734,486 lbs. as compared with 32,972,967 lbs. reported in the preceding year. The daily average number of persons employed in the plantations was returned at 103,766, of whom 59,423 were permanently employed (namely, garden labour 43,077 and outside labour 16,346) and 44,343 temporarily employed (outside labour), as compared with 85,716 persons (39,371 garden and 12,405 outside labour permanently employed and 33,940 temporary outside labour) reported in 1930-31. Imports of coffee showed a marked decline in 1931-32 and amounted to 4,793 cwts., as against 42,591 cwts. in 1930-31. The fall is accounted for by reduced imports from Java, Ceylon and the Straits Settlements, the principal suppliers of coffee to India. The re-exports to Masket territory, Iraq and the Bahrein Islands fell from 3,623 cwts. in 1930-31 to 1,899 cwts. in 1931-32. The total exports of coffee increased from 150,000 cwts. in 1926-27 to 277,000 cwts. in 1927-28. In 1928-29 and 1929-30 the shipments declined and amounted to 198,000 cwts. and 184,000 cwts., respectively but exports again rose in 1930-31 and amounted to 293,000 cwts. In 1931-32 the shipments declined to 156,000 cwts. The principal destinations of Indian coffee are the United Kingdom and France. Shipments to the United Kingdom declined from 78,000 cwts. in 1930-31 to 44,000 cwts. in 1931-32 and those to France from 108,000 cwts. to 43,000 cwts.

British Sugar in Switzerland.

British sugar will in all probability gain complete command of the Swiss market within a short space of time according to a statement made in the semi-official *Prager Presse* here. The growing popularity of the British product in Switzerland is attributed to the "preferential arrangements which constitute a premium for British sugar." Until recently Czechoslovak sugar formed the bulk of Swiss sugar imports. That this position is now in danger is indicated by the fact that in April last Switzerland bought 67,630,000 lbs. of British sugar against 69,536,000 lbs of Czechoslovak sugar.

Lord Lloyd and Bombay.

The *Times of India* writes that of 'all men in India and England, Lord Lloyd is surely the last who should talk disparagingly about Indian municipalities crashing into bankruptcy'. Everyone knows how the finances of the Bombay presidency and city have been crippled by his grandiose schemes. The paper points out that the schemes undertaken by the Bombay Development Department have cost provincial revenues a net amount of Rs. 718 lakhs, and that the present annual net debt to the revenue account of the presidency is the huge sum of about Rs. 62 lakhs. It proceeds:—This staggering burden is directly attributable to Lord Lloyd's initiative. Bombay has, as further monuments to Lord Lloyd, the empty chawls and the barren sea-face at Worli, partly to pay for which the town duty on cotton was levied, thereby diverting trade from the port, while the Bombay municipal corporation will shortly have to take over the Improvement Trust with its huge liabilities and annual loss of Rs. 35 lakhs largely due to Lord Lloyd's pet schemes, thus laying a fresh load on the back of the Bombay city tax-payer. It will take a very long time for Bombay to recover from the shock administered to its finances during the regime of Lord Lloyd. His colossal miscalculations and mistakes make out the strongest case for the grant to the provinces of full autonomy, so that their finances may not be mismanaged by irresponsible autocrats as they have been.

The responsibility for the present unsatisfactory state of central and provincial finances is entirely on the shoulders of the agents of the British Government and Parliament, and to point to it as an argument for withholding self-governing powers to India is to penalize it for the fault of others. If Indians are allowed full control over the purse, we have no doubt that they will be able to improve the country's finances in a short time.

War and Death.

Dean Inge, who preached at the annual service for limbless ex-servicemen in St. Paul's Cathedral, said that the Great War, unlike all previous wars, kept men in the trenches constantly exposed to terrible engines of destruction. The only set-off to that was the very small percentage of deaths from sickness, which in earlier wars carried off far more men than the bullets of the enemy. In the great war against Napolean, between 1793 and 1815, the almost incredibly small number of 25,000 were killed in action, whereas 194,000 died of sickness.

Outflow of Indian Gold.

Writing in the International Banking Number of the *Times Trade Supplement*, a correspondent writes:—This renewed stability of sterling, although at a lower level, hastened yet another occurrence of first class importance to world finance, namely, the dehoarding of Indian gold. During the past year almost £ 100,000,000 of Indian gold has been sold abroad, to the great benefit of Indian finances, while at the same time its handling in this country provided a most valuable support for sterling. Admittedly, little if any of this gold—whose bulk has been equivalent to the discovery of a first-class new gold-field—has been retained in England, but the handling of it has conferred benefits, on the shipping companies, insurance companies and bullion brokers, while its eventual sale to the Continent and the United States has provided our authorities with welcome supplies of foreign exchange.

Sleeping Provision in Third Class.

The Secretary of the Bombay Shroff Association, has addressed a letter to the Secretary of the Indian Railway Conference Association, Delhi, as under:—"My Committee beg to point out that though the third class passengers contribute more than the second and first class passengers to the Railway revenues, their amenities and conveniences have not only been disregarded but also no attempts are made to relieve over-crowding and congestion in the third class compartments. This state of affairs is general over the Indian Railways and has now come to be regarded as an evil more to be tolerated than to be tackled. As a result of over-crowding, people have to suffer many sorts of hardships, the foremost of which is that many of them have to go without sleep whole night sitting. To mitigate this hardship, my Committee suggest that the system of "Sleeping Cars" should be introduced generally for third class passengers and that accommodation should be made available at a reasonable extra cost. My Committee hope that this innovation will go a great way to solve the problem of over-crowding while supplying a much-felt want of sleeping accommodation."

Selfish Nations.

Dean Inge preaching to city workers at St. Botolph's, Bishopsgate, London, said that at the present time the nations were full of anxiety about the future of civilization. "Terrible injustices, so far as we can see," said the Dean, "are never redressed. God does not always punish selfish nations by adversity, but gives them prosperity. He gives them their desires and sends longings into their hearts." The laws of nature did not favour the violent or the unjust. The wealthy nations had died because they had become wolfish. How tragical it was for the Jews that their nationalism prevented them from understanding the call for which God had been training them since the days of Abraham. Modern Europe needed severe correction. We must *turn in these difficult days to the dauntless* spirit of the first Christians. This was a note that had been missed in modern Christian teaching.

Middleclass Unemployment.

One of the most important subjects discussed at the Industries Conference was the question of middleclass unemployment. It is understood that the most interesting and constructive scheme which was put before the Conference was that unfolded by Mr. G. S. Dutta, I.C.S., Director of Industries, Bengal, on behalf of the Hon'ble the Minister Nawab K. G. M. Faroqui, involving one lakh of rupees per year. The object of the scheme is to change the present academic mentality of young men and to give them an industrial mentality. It provides for intensive training under expert guidance in seven practical industries such as manufacture of brass as bell-metal articles, glazed pottery, soap, boots and shoes, woollen shawls, etc. Improved

..liances have been specially devised by the Bengal Industries Department to make these industries attractive to middle class educated young men and to reduce the cost of manufacture so that they may compete on favourable terms with factory products. It is understood that the scheme provides for training not only in scientific and manipulative processes of manufactures, but also for giving a thorough business training in methods for the purchase of raw materials and disposal of finished products by organizing markets for them with the assistance of industrial surveyors specially employed for the purpose. The scheme as unfolded by Mr. Dutta evoked considerable interest among the representatives of other provinces and Indian States, many of whom are visiting Calcutta to study the scheme.

THE PREMIER'S POSITION.

Mr. Ramsay Muir, writing in the *Westminster Newsletter* on the recent Liberal Conference at Scarborough, stated that if the cleavage between the 'real Tories and the milk-and-water Tories' developed, there was no knowing what the consequence might be. He himself did not think that there was much likelihood of an early election. In his view the personal prestige of Mr. Ramsay MacDonald had undergone a progressive eclipse. 'Every time he talks on the wireless,' he remarked, 'pouring out empty and unctuous verbiage void of clarity and force, his prestige declines among the vast army of listeners. The wireless is a great power, . . . but it is also a merciless revealer of woolliness and muddle-headedness.' These remarks were especially intended to apply to the Premier's broadcast speeches after his return from Washington. These were fiercely critcized by Lord Snowden who failed to find in them any clue to Government policy regarding the outstanding economic issues. Mr. Ramsay MacDonald can be explicit and definite when he chooses, but evidently he had his special reasons for being vague about the Washington talks and so he took refuge in 'unctuous verbiage' in the use of which he has become an adept.

CIVIL DISOBEDIENCE JUSTIFIED.

Sir Edward Wood has contributed an interesting article to the *Daily Telegraph* explaining the growth of the Nationalist movement in India. Referring to the Congress movement he writes:—Many of us who tried to counter the Congress activities through Indian friends of high position and loyalty to the idea of Empire, men with whom we had been associated in business and socially for many years, found to our surprise that to them the civil disobedience movement under Mr. Gandhi's attractive personality was as much justified as was the similar movement of our Women's Suffrage League a few years ago. There was no doubt that Congress was being supported by our own friends. There is something wrong when such a situation can arise. The policy of drastic repression has achieved more than even the reactionary and irresponsive attitude of Government.

DR. LANKA SUNDARAM.

Dr. Lanka Sundaram, Director of the Indian Institute of International Affairs, has just joined the Andhra University as a Lecturer in Politics and Economics. Both the parties deserve to be congratulated on the appointment.

A resolution of the Government of Bombay states:—"Government consider that though ordinarily there will be no difficulty for students from the Intermediate and Backward classes and the Mahomedan community to get admission to the Poona Agricultural College, it is necessary to reserve some seats for them. They are accordingly pleased to direct that in future 25 per cent at least of the places in the Poona Agricultural College should be made available to candidates from Intermediate and Backward Classes of the Hindus and 10 per cent to Mahomedans in this Presidency, provided they possess the minimum qualification for admission according to the rules and are in the opinion of the Principal reasonably likely to go through the whole course of training provided in the College and qualify for a degree. These percentages should be made available to these classes only at the beginning of the academical year. If a sufficient number of applications from these classes are not received on the last date for receiving them, the Principal should proceed to fill up their places from the other classes in the usual way."

A requirement in India: Compulsory old-age insurance for persons employed in industrial and commercial undertakings and in the liberal professions.

Notes from England.

The World Economic Conference.

The World Economic Conference is now well under way and the preliminary oratory will for the time being occupy chief attention. Its greatest interest, so far, has been the revelation of general agreement in regard to the need for disposing of war debts as a condition precedent to satisfactory settlements in regard to other matters. The history of the last 14 years shows that in regard to transfer of wealth every nation has had to learn by bitter experience fundamental economic truths that ought to have been accepted at once without reservation: the principal difference between them has been that some have been slower to learn than others. Even Great Britain began by supposing that a defeated country, whose export trade was severely restricted, could pay vast sums by way of reparations, and only comparatively recently have the great majority of people in these islands recognized that payments in such circumstances are impossible. France believed so firmly in the possibility of collecting huge sums from the vanquished that she included them in her Budget. The United States saw no reason why it should not conduct an immense export trade without corresponding imports and at the same time collect payments from debtor Governments. If the fundamental principles of international transactions were generally recognized it would be seen that the exchange difficulty is directly due to unbalanced international transactions, since when creditor countries cease to lend to debtors the equivalent of their adverse balance the debtors obviously must run short of exchange. In many instances excessive tariffs are merely an expression of a debtor nation's determination to avoid default by restricting imports in a desperate effort to provide exchange; in other cases the idea of national self-containment with the object of providing additional employment at home is responsible. In practice purely retaliatory duties are not so common as it is often supposed. If the world were agreed on fundamentals, the work of the Conference would be greatly facilitated.

Union Jacks Made by Japan.

The Sydney correspondent of the *Times Trade Supplement* writes:—The president of the Chamber of Manufactures (Mr. H. Gordon Bennett), in a broadcast address, referred to what he saw in the windows of a leading city store on his way to Empire Day celebrati One of the windows, he said, was bede with Empire posters. In another win adjacent was an elaborate collection of croc made in Germany and Czechoslovakia complete the farce a large crowd of pe at the Empire Day celebrations were wa Union Jacks made in Japan. Flag-wa under such conditions was out of place. best method of forwarding Empire inte was to work for co-operation among the minions and the Mother Country and elim competition, to give the industries of unit of the Empire security in their l markets, and to encourage each countr obtain from the others products which did not produce themselves.

Bank's Economic Adviser.

No little interest has been caused by announcement by the Bank of England following on the resignation of Dr. Spr who it will be remembered recently acce the post of the Executive Assistant to United States Secretary of the Treas Mr. Henry Clay has been appointed Econ Adviser to the Governors. Mr. Clay already been associated with the Ban England, for he has held the post of econo to the Securities Management Trust, w was established under the auspices of Bank of England, while he accompanied Otto Niemeyer on his recent visit to Ar tina. Mr. Clay's earlier experience was very varied character. He was educ at Bradford Grammar School and Unive College, Oxford. In 1917 he joined the M try of Labour and returned to Oxford as Fe of New College in 1919. From 1922 to he was Stanley Jevons Professor of Poli Economy at Manchester and for the t succeeding years Professor of Political nomy at Manchester. He was a membe the Economic and Wage Commission in S Africa in 1925 and of the Royal Commis on Unemployment Insurance in 1931.

Industrial Credit in Irish Free Stat

The object of an Industrial Credit Bill in duced in the Irish Free State is to esta an Industrial Credit Corporation which act in reference to industry in substant the same way as the Agricultural Credit poration acts in relation to agriculture is understood that the Government wi

ed to underwrite loans up to £ 1,000,000 nce industrial enterprise. The corpora- ill not interfere with the work of the Loan Guarantee Act, under which 1,000 has also been promised for rial development. An estimate to ize the expenditure of £ 2,450,000 has ntroduced in the Dail by the Govern- The money is needed "for bounties ibsidies on agricultural and industrial odities exported from Saorstat Eireann, or expenditure connected with trial nments of such commodities to external ts. The payments will be in respect of ommodities, at such rates and subject h other conditions as the Minister for ce may from time to time approve."

JAPANESE COMPETITION.

grams have passed between the Japan omic Federation at Tokyo and the Asso- n of British Chambers of Commerce, the ation of British Industries, and the iester Chamber of Commerce, which that the Japanese are perturbed by the ity which has been given to the bases ipanese industrial competition. There wo sides to every question, and no itage is to be gained by suppressing views which it is impossible to agree ; it is much r to state them clearly and thus give every in opportunity to note their fallacious e. The Japanese declare that the ation of the commercial treaty between i and India abruptly notified on April riously shocked the cotton industrialists pan as well as the nation at large. They that preparations were being made for nference between the two Governments sponse to a proposal by the President of Board of Trade, and on May 16, the Anglo- nese commercial treaty was abrogated so far itish West Africa was concerned. On June e Indian Government raised the duty on nese cotton piece-goods to 75 per cent, h the Japanese stigmatize as outrageously , while drawing attention to the pre- ice accorded to British goods by India. i moves they regard as due to other than omic reasons, and so indignant are those ected with the Japanese cotton industry they are said to be about to boycott an raw cotton, while retaliation by probi- ve duties against wool, wheat, lumber, and machinery imported from Britain her Colonies is hinted at. The message ludes with an appeal to British business to use their good offices. To this the three British organizations replied that they were giving careful consideration to the pre- sent situation, but they declared it to be so bad as to be intolerable. They deprecated the hint of reprisals as being inimical to the interests of both countries, and pointed out that, so far as India is concerned, representa- tions should be made to Indian organizations.

THE WORLD CRISIS.

Sir Arthur M. Samuel, M.P., addressing a business men's luncheon, said, he regarded the world collapse as due to the abuse of credit by nations who had misused their credit. There had not only been an abuse of credit, but an abuse of common honesty. They could not go on trading in the world unless they kept on the basis of good faith. The present posi- tion was due to over-borrowing. Nations seem- ed to have made up their minds to adopt a standard of life to which they were not entitled and people who tried to borrow beyond their financial state were bound to come down. Nations used what they could of their own products and exchanged with foreign nations what they did not want. Beyond that they could not properly go unless they borrowed and that was what had been done. The world had been debauched by loan mongers into borrowing to such an extent that now they could not even pay the interest. Cen- tral Europe used to live on borrowed money and emigration introduced the same principle in America—what was known as O. P. M., living on other people's money. Thus had evolved the instalment plan, under which people had acquired luxuries they could not afford. That was all very well until the storm came—and then collapse.

CURRENCIES AND WORLD CONFERENCE.

The general view taken of the currency situation was that, if we are to have a period of completely unstabilized exchanges, the sooner it comes the better. Then when the storm has subsided, we may be able to see where we are. Sooner or later, it is felt, gold countries are bound to come off gold, but the dollar, on the other hand, must be approach- ing its lowest. Already its depreciation is close to the 30 per cent of its former gold value, which President Roosevelt is known to have in mind. Moreover, the period of seasonal payments for American raw materials by importers on this side is approaching. The past week's fall was the result of a normal volume of sell- ing in a market conspicuous for its absence of buyers, and the movements in quotations were caused by a very small turnover. Widely fluctuating exchanges, however, certainly

hold up business at the World Conference. Though the rumours of crisis and contemplated withdrawals exaggerated the difficulties caused, it is clear that the solution of many problems presumes assured relationships between the world's currencies. Progress has, nevertheless, been made; much valuable spadework has been done; and if the Americans do consider that the moment will soon no longer be "untimely" for stabilization, this spadework will have prepared the ground. The President's declaration, however, has greatly dimnished the likelihood of any early agreement.

Taxation of Oil Products.

The question of the undue taxation of oil products was dealt with by Lord Bearsted at the annual meeting of the "Shell" Transport and Trading Company. He said that he doubted whether any prime commodity was or even had been, so mulcted, and he gave some remarkable figures as regards the taxation of the Shell-Royal Dutch group in respect of 1932. The direct taxation, exclusive of income-tax on profits was about £ 50,000,000, while the shareholders received just under £ 6,000,000 in dividends on most of which they had to pay income-tax. Of course the fact is that in these critical post-war years Governments have concentrated in their search for additional revenue on essential commodities, irrespective of other considerations, and so it has come about that oil has been saddled with an unfair burden. Lord Bearsted also referred to recent proposals, not in this country alone, for the taxation of road users and in some cases their restriction, and said that arbitrary restrictions or excessive taxation designed to affect a growing industry in favour of an older method of transport could not but react to the disadvantage of the nation as a whole. Among the other questions touched on was that of world oil production, and he emphasized the point that, as in other matters, it is in America that the real difficulty and the real solution is to be found.

Big German Road Scheme.

The German Cabinet has decided on the construction of a nation-wide system of motor roads, running from north to south and from east to west of the country. The execution of this bold plan is entrusted to the railway company, which will form a subsidiary undertaking called "Reich-auto-railways". A newly appointed "general inspector" will be in supreme command and under a new "Reich Road Bill," is to hold almost dictatorial powers in all matters relating to the scheme. They include the expropriation of land throu which the new motor roads are to run in ord to avoid any delay through legal actions an disputes. Every consideration is said to ha been given to the interests of the railwa company and to averting any serious compet tion. A moderate fee is to be charged f the use of the roads. It will be handed t the railway company as some compensatic for the decline in its receipts. All that said about the financing of the scheme is th the necessary arrangements have been com pleted. The railway company's present co tribution is 50,000,000 m. The cost of tl motor roads, which are expected to tot 3,000 miles in length, is estimated 1,500,000,000 m. The construction of the fir section, running from Frankfurt *via* Mannhei to Heidelberg, is to begin this week. Tl whole scheme is intended to provide sever hundred thousands of people with work ar to give a strong stimulus to many key indu tries, last, not least, to the motor spirit indust which is to be placed on a new national basi German oil is to be used in the first plac and foreign crude oil is to be refined at Germ works. Doubts are expressed in some se tions of the Press whether the scheme will pa

Mr. Roosevelt and the Conference.

Mr. Roosevelt's statement has come as shock to the World Economic Conference. I takes the view that the economic reorganiz tion of the various countries must prece currency stabilization, whereas the view of t Conference is that stabilization is the pr requisite to a programme of tariff reductio and the removal of the various trade restri tions. It is conceivable that either meth would lead to the desired goal of world r covery; it is equally possible that in th instance Mr. Roosevelt is advocating a m taken policy, the results of which would far different from what he anticipate We have to face the fact that there is nc a definite cleavage between the points view of America and the rest of t world, and while Mr. Roosevelt is pursui his policy of raising prices until conditio in America, in his view, justify currency stal lization, the other countries have the proble of continuing the Conference on different lir from what was intended. A conceival line of action would be a move by the cou tries still on a gold currency, and those of t sterling group to arrange for a tempora stabilization, leaving America to join in wh Mr. Roosevelt considers his policy has go far enough.

Diary of an Economist.

Japan's Reply to India.

\ Textile correspondent, writing to the *mes*, *states that Japan, as may have been* ...ted, repudiates the suggestion, which ...een freely made in more than one country .. her phenomenal success in the cotton ...ustry is due either to slave labour or to an ...or civilization. Her defenders attribute ... advancement to avoidance of luxury and ...ntentment with life's necessaries. The state... ...nt, however, hardly harmonizes with the ...own fact that the far-from-satisfied Japa... ...e cotton operatives are seeking and ob... ...ning better conditions of work and higher ...es. One of the chief advantages which ...*pan possesses*—and, *admittedly, it is a* ...luable one—is co-operative working at ...ery stage throughout all branches of the ...lustry, from the buying of the raw cotton ... the production of the finished goods. But ... mainsprings of Japan's success are the ...eapness of her labour and the double-shift ...stem, the latter enabling her to run her ...chinery over 100 hours a week. Japan and ...ina are the only countries which run the ...uble-shift system on a large scale, and in ...st countries the feeling against it is strong. ...y development there may be in this direc... ...n will be watched with keen interest. In ...e meantime it is significant that Sir Phillip ...nliffe-Lister, speaking to a Lancashire ...dience, pointed out that India is ...creasing her import duties not against Great ...itian but against foreign competitors, and ...at any negotiations there may be with ...pan would have no chance of success if it ...ere not realized that in default of Japan ...ming to terms we should not hesitate to pro... ...ct ourselves. The *latest development* is ...e decision of the Japanese spinners, report... ... to be unanimous, to boycott Indian cotton ... a protest against further increase of import ...ties on Japanese goods entering India. If ...rried out this boycott will have far-reach... ...g effects. At present Japan's consumption ... cotton is about two-thirds American and ...e-third Indian; she has little use for other ...owths. The change will involve a large ...crease in her purchases from America.

Internal Price-Levels.

In view of the latest pronouncement of ...e American President that the major coun... ...es should first try to raise their internal ...ice-level before *attempting to stabilize* the exchanges, the following extracts from a unique *trans-Atlantic broadcast debate by* Mr. J. M. Keynes and Mr. Walter Lippmann will be found interesting. Mr. Lipmann, while emphasizing that the dollar should be stabilized in relation to commodities before being stabilized to gold, said:—"Both countries (Britain and U.S.A.), for example, have been revaluing their currencies in terms of gold—Great Britain since September 1931, the United States since April 1933. Both countries have been forced to do this for essentially the same reason, namely, that the exhorbitant rise in the value of gold made fixed charges in *terms of gold socially and politically intolera*ble to their own peoples. Now, this process of revaluation in terms of gold is not, or at least ought not to be, in my opinion, a matter of trying to gain temporary advantages in international trade. For the United States certainly it is a matter of restoring some kind of workable balance between prices, debts, wages, fixed charges and profits. Therefore, if we in the United States are clear about our purposes, we shall not be concerned about where the dollar is ultimately stabilized in lation to the pound. Our first concern will be where the dollar is stabilized in relation to commodities in the American market. Our second concern will be whether and where the dollar can also be stabilized in relation to gold. It is, as we see it, a matter for Great Britain to decide without our interference where the pound is to be stabilized in relation to commodities and ultimately in relation to gold. This view would not prevent us perpahs on agreeing on a temporary stabilization of the two currencies as a *help* to other nations. But it would eliminate from the discussion a dangerous and useless argument about the ratio between the dollar and the pound."

Stabilization of Silver.

The Monetary Policy Committee of the Federation of British Industries recommends the adoption of the following resolution:—"The continued depreciation in the value of silver, which has been for centuries and is still extensively used as a means of storing wealth in India, China and other parts of the Far East, has played such an important part in reducing the demand for the products of manufacturing industry in those markets,

that, in the opinion of this Committee, H.M.G. should be strongly urged, at the forthcoming World Economic Conference, to give every encouragement to any practicable proposals for raising the value in relation to gold and promoting the stabilization of silver." The Silver Agreement has, since the passing of this resolution, become a *fait accompli*. But does India really gain from it?

An Election on India.

The following rather challenging letter from R. C. Hawkin appears in the London *Spectator*:—Sir Austen Chamberlain is said to sympathize with Mr. Churchill's opposition to the Indian White Paper, and if this be true the crisis on India within the Conservative Party may well be very serious for the whole Empire. A similar crisis occurred regarding Ireland in 1910, and, with the help of my friend Mr. J. L. Garvin, the famous Constitutional Conference was fixed up. We very nearly avoided the subsequent Irish turmoil and the necessity of excluding Ulster from the Dublin Parliament. Why should not the Gc ernment offer a Constitutional Conferen on India to Sir Austen Chamberlain and M Churchill, with the object of reaching an agre policy? We might avoid turmoil and enal India to play her true rôle as our Asiatic partn If Sir Austen refuses this offer or, if aft accepting it such a Constitutional Conferen breaks down, then surely the Prime Minist should at once appeal to the country for mandate to settle the Indian question White Paper lines. We had several ele tions on Ireland and South Africa, and election on India should carry forward t Liberal reforms of 1909. Just as Irishm like T. P. O'Connor explained their aspi tions to us so could Mr. Gandhi explain t aspirations of India. Two Indians ha already sat in our Parliament, and I feel ce tain that some Liberal Association wou nominate Mr. Gandhi as candidate. Perha Mr. Churchill would oppose him, and th England could indeed hear both sides of a gre problem.

Current Comment.

By "Scrutator".

The way to Peace is again open in India, if only the British Cabinet would think well of the opportunity. The dramatic circumstances under which Mahatma Gandhi was released show the impossible position created by the Hoare-Willingdon policy. That policy has not succeeded in winning Peace, either for India or for Britain. The prestige of the Cabinet in India is being dissipated by adhering to a policy which is played out. Whoever thinks that the Congress is dead lives in a world of his own. It is a world too which does not exist except in his own imagination. As to this, only one word is necessary by way of explanation. The discipline in Congress ranks is such that those who belong to it leave the talking and the deciding to one man. That one man is the Mahatma. And so long as he is able to represent it, there can be no question of the Congress being put out of action.

* * *

The extraordinary cry that Sir Harry Haig raised in the Assembly about the "novel method of dictatorship" and "the extreme step" taken by the Mahatma of compelling his liberation confirms this, if confirmation were at all necessary. This is not the first occasion he has done this. He has himself called attention to the fact that he has done this once before. One who raises such a cry, shor know that it cannot be allowed him to rai it. Worse extreme steps have been tak in enforcing "Law and Order" and if th be so, the "extreme" step "or novel" meth of the Mahatma cannot be urged against hi That is the very essence of his method, of h argument and of his struggle. Even one m who acts in the true spirit of a Satyagrahi a sufficient demonstration of its strength, of i compelling power and of its invulnerabili —so at least the Mahatma has said and so least he has tried to prove his doctrine. Th is the meaning of the "extreme" step which Sir Harry Haig so feelingly complaine oblivious of the implications of the Mahatma doctrine.

* * *

What makes the present position mo acute than ever is this: When is the impas to end? How is it to be ended is no less impo tant. The White Paper has not been blessed b any party in India and without the Congre acquiescing to any proposed scheme of Reforn there is no need to say that it cannot be worl ed. Therein lies the crux of the positio That is the defect in the situation created b the Hoare-Willingdon policy. If the Co gress can be got over, can be won over, ca

nade to work the proposed Reform—then e may be something to say for that policy. there being nothing for it that way, that ey is dead as Queen Anne. Hence it is that astute politician Lloyd George gests that a Constitution that does not o win over the dominant party in has little chance of success. Lloyd ge *as the critic of the Hoare-Willingdon* y—and as the friend of the Congress y—*is, no doubt, a piquant spectacle.* But Lloyd George knows more than he declares. s using the Congress against the Cabinet, against the National Liberals, who have d the National Government in Britain. criticism of the Cabinet may be of less e to the Congress, but there is no denying he has pricked the Hoare-Willingdon ble that with the repression everything er with the Congress. That is groundless, Mr. Lloyd George. And who can say he is ng in that double-distillate of an analysis he present position?

* * *

is brings me to the topic of the hour. What should be the next move of the Cabinet? they neglect the Congress? Can they go ep further even with their W. P. Scheme out a compromise with the Congress? he present situation—one created by the inet policy in India—there is only one way solution. *And that is that the Cabinet* ld descend from the heights it has put f on, and reach the *terra firma* of fact. *lity is such a thing that in politics it counts t. Imaginary hopes are as meaningless* maginary fears. The fear of losing pres-*is foolish in any Government; it is more* n the case of the British Cabinet in India. prestige was never been lower than to-day ndia. The battle-cry of crushing the Con-s has not been realized and if that be so, claim in behalf of prestige is wholly out ourt. Mahatma Gandhi has proved him-triumphant as a tactician and Lloyd rge, himself an old hand at the game of tics, was never more correct than when described that the Mahatma was not only aint but also an "astute politician". If Mahatma is free to-day, it is clear that the inet Policy has failed and the cause the hatma has championed stands vindicated. is just here that the word "Prestige" not even be mentioned. If that be so, re is the trouble in casting what remains it—if any remnant of it does remain—to winds and grasping the Realities of the ation and arriving at a settlement?

That is the problem that confronts the chief authors of the Hoare-Willingdon policy. Will they take the hint from the ill-success that has attended their efforts in suppressing the Congress—or is it winning over the Congress by "strong rule" as some called it? Will they hear the voice of the old-time saviour of Britain and Europe? Mr. Lloyd George *may not be anything more than a Party politician* in England, but is there one in the *Cabinet to-day who can say he is wrong in* his analysis of the Indian situation? The *Congress has to be satisfied if the Cabinet* policy is to succeed. That *is* the position to-day and that *cannot* be gainsaid.

* * *

And so it is that there is need, despite Sir Harry Haig and his compeers in India and despite even the sponsors of the Hoare-Willingdon policy, to try a change. That change may seem small and very diplomatic at first, but there can be no gainsaying that the fact is coming to be realized that the right wing of the Congress will capture the constitutional machinery in India and use it for obstruction —and advance, despite all opposition. That is acting as a fulcrum but Sir Malcolm Hailey's talk of strengthening the invisible authority of Government while the visible one is being withdrawn does not bode well for either Britain or India. *If ethics has a place in politics,* then a suggestion like this is to be highly *deplored. Politics is a game that two parties can play at and it will never do to forget that* Indians have learnt to play that particular game particularly well. If you want Congress to play its part, treat it fairly and without reservation give it a sporting chance. Visible or invisible, authority will not be tolerated beyond legitimate limits. Political policy should be a workable one and a little of trust is likely to yield better results than mere diplomacy. You cannot surely have Congressmen working the constitution if you are determined on preventing them by means, open and secret, from getting into the Legislatures. Let it be understood that Congressmen have one creed—that they shall win through, come what may, and reach the goal of Self-Government. They do not mind whether they do this by one peaceful method or another. Some may use the Legislatures, while others may discard them. But that is nothing: the point to note is that they are determined to a man to be in a position—greater or less—to claim what they deem their birth-right.

An alternative to the Congress has been thought of. But believers in it are few. No party is strong enough to step in where the Congress does not. A coalition is not liked in India any more than it is in Britain. And if that be so, *the Congress is the only party that can* be thought of, if further economic losses are to be avoided. There is thus no remedy but to placate the dominant party—or is it the only party—in India? If Congress is to be placated, the Cabinet has to yield. There is *no alternative to that.* If Lord Willingdon thinks well, he will come to the same conclusion and call Mahatma Gandhi for a conference. If he will not move himself, the suggestion is sure to come to him before long from high above. *Inspired talks speak of such a suggestion* as being within the range of immediate practical politics. Even the Mahatma's sojourn to London on a fresh mission of peace is not outside the purview of such talks. The time for a radical change in the Cabinet policy is come and cannot be longer resisted.

* * *

Lord Willingdon's speech at the Shanmukham Chetty banquet is indicative of change in the Hoare-Willingdon policy. Of course Sir Harry Haig and his *friends of the* "strong rule" theory would stoutly deny it. But the claim of "the one merit of consistency," put forth by his Lordship involves the admission that that policy has proved itself one of doubtful value. *A policy may be consistent but yet prove one-*sided and even unserviceable from the administrative point of view. This admission is well worth noting because of what has been said above. There can be no turning back on the view that Congress has to be talked to before the Cabinet can think of its next move. Lord Morley's theory of the "agency" of the Government of India still holds good and the Viceroy cannot but act up to the *instructions he has from the Cabinet* in England. If Lord Willingdon's *speech signifies* anything, it means a break with the past—and from that to a new talk with the Mahatma is nothing more than the natural.

* * *

That this view is not a far-fetched one will be evident from a consideration of what Lord Willingdon said later in his address to the Assembly and the Council of State. He urged that "we must create an atmosphere" in which progress can develop. He also admitted that "*little can be done* by Government alone". He next suggested that "an equal responsibility must lie upon the members of this Legislature and other leaders of political thought in India." Note the last few words and there is inherent in it the admission that the dual policy of repression and reform has failed of its purpose. That policy has to be scrapped without compunction, if the new policy adumbrated by Lord Willingdon is to have a chance. The greatest of "the other leaders of political thought in India" should be first called in and a new policy should be inaugurated in collaboration with him if it is to prove a success. In other words, the Cabinet policy should give way to a Congress one. Lord Willingdon is really on the march and let us hope he will not cry halt until he reaches the desired goal.

* * *

THE HITLER CERTIFICATE.

It was said the other day that Hitler gave a certificate for Britain's rule in India. Most Britons will not need that certificate, for despite the Fascists of to-day, Britain is still at heart democratic. Whether that is so or not, a certificate from such a source seems an unsatisfactory one. While to some it seems tainted, to others it positively smells odorous—of Hitlerian methods. The valiant Herr is not liked in Britain and the time is still far distant when he can become a hero in it. It is not that a few of the upper ten are against him but the mass is not enamoured either of him or his methods of fright and fury. He may write, speak or continue to act as he *has been doing for some months now, but* there is hardly any chance of his winning converts on any large scale in Britain. That will indicate the value to be attached to his certificate.

* * *

It is good to learn that the Trade Unionists are out on a great campaign against Fascism. That shows how the wind is blowing. Trade Unionists smell not only danger unto themselves but also to democracy if Fascism gets *a foothold in Britain.* If *Britain turned* Fascist, they would not only be the first to suffer but also the mass of the people who are dependent on them. If the Trade Unionists succeed in their fight against Fascism, they will have done two things at a time. They will not only have helped to save England by her own exertions, but also, I think, helped to save Europe by their example. Perhaps they will give a turn to European politics by the campaign they propose. What the League of Nations has failed to achieve, it is possible, the Trade Unionists of Britain will. If timidity has not inspired victory, faith has even moved mountains. It is something elating

to feel to-day, in the midst of the wretchedness created by the suppression of all independent thinking by Fascist methods, that there are still organized groups of people who are ready to fight them tooth and nail. There is thus no danger yet in Britain that it will be forgotten that—

> He either fears his fate too much,
> Or his deserts are small,
> That dare not put it to the touch,
> To gain or lose it all.

Hats off to Trade Unionists! I wish them the greatest triumph. Their victory will be widely acclaimed. Their faith—the faith that moves mountains—is akin to that of Mahatma Gandhi and there is thus an additional reason why I should wish them joy in their proposed fight against Fascism.

* * *

The Meerut Case.

The lessons of the Meerut trial will not, I hope, be lost on the authorities in India and England. The High Court's judgment vindicates the view that to a large extent the prosecution was a misconceived one. Suppression of opinion, always bad, becomes a positive curse, when it has a political air about it. It is better for society that all views should be freely expressed rather than be nursed in private. The very fact that they could be freely expressed makes them subject to frank criticism from opposing points of view, with the result that the flaw in one's own views is brought out to the great advantage of society generally. It is usually the best view—the view that commands a very general acceptance—that eventually prevails. That, at any rate, is the tendency in human society. Even a Fascist State or the Soviet does well in letting people know what is what with them. If that be so in a professedly revolutionary State, what should we expect from society that is avowedly democratic in character? The High Court's judgment does well in overthrowing the whole of the visionary fabric erected by the prosecution in the case. Just one sentence ought to do to indicate their view: "The object aimed at in the conspiracy is impracticable—one might as well say, impossible of achievement. The steps taken by the accused till their arrests were in one sense utterly puerile and could not be conceived to lead to any such serious consequences as the accused dreamt of." It seems a thousand pities that so much money and time should have been wasted on a case so "puerile" as that. The fact that ten of the accused were acquitted and the sentences on the rest were materially reduced shows that the prosecution was wrong both from the legal and political points of view.

* * *

The Press in India and England has now expressed itself differently on this case. It seems to now appreciate the wrong attitude of Government apologists. The question of compensation payable to the acquitted persons deserves to be pursued because it is necessary that prosecutions of this kind ought not to be entered on without regard to public interests. There is, of course, the injury done to private parties: the injury to their reputation, health and avocation. Such matters ought to count, if prosecutions of this type ought to carry any moral. In this case, one of the accused died and his case is beyond all compensation. Such are some of the results of invoking the law against parties who may be foolish but not really criminal.

* * *

Could the trial have been better managed even as launched? That is one of the questions that suggests itself. Perhaps, it could have been, if some serious thought had been bestowed on it at the start. The number of accused could have been materially reduced. The trial could have been at the High Court of Allahabad. Then, again, a jury trial would have assured the accused of a guarantee that the case against them would have been gone into with the aid of some practical, worldly wise men, who, as between the Crown and the accused, had nothing to serve but the ends of justice. There is hardly any point in the suggestion that the accused dragged on their cases, for it always requires two parties for a stand-up fight and if one is ready, the other one will soon be forthcoming. All technicalities would be sought and urged in a case like this. There is nothing to prevent such action by both sides, in fact the law provides for it. A final point about this case is that the law of conspiracy as it stands deserves looking into. It indeed requires a drastic revision. Whether the Privy Council hears a further appeal in this case or not, it is the duty of the Legislature in India to take the necessary steps without delay.

* * *

Mysore Questions.

Mysore questions have been to the front in London. The inequitable character of the Subsidy has been pressed home once again and this time more or less publicly before the Joint Parliamentary Committee on India and other Committees as well. It is an open secret in

London that Sir Mirza Ismail, the verp able representative of Mysore, has taken opportunity while in London, of urging Mysore's claims for consideration in high and influential quarters. What he elicited from Sir Samuel Hoare should not be taken to be final, for Sir Samuel the next day further explained the position and made it clear that Mysore may get an earlier opportunity to have her wrongs redressed. Sir Mirza's examination of Sir Samuel Hoare was a masterpiece, by the way, in the cross-examination of a witness who is the very type of a wary man. There is hardly any doubt that the examination told with the Committee. Sir Austen Chamberlain made this plain when he referred to "gratitude" but whoever said that "gratitude" is the right word where "justice" is concerned? "Few men know what gratitude is" exclaimed Disræli on a famous occasion. But he would never have subscribed to the view that "justice" should be confounded with "gratitude". If indeed gratitude is a species of justice, then it is owing more to Mysore—for she has unfailingly paid the heavy subsidy for over 133 years now—than by her for any abatement of it. The abatement, by the way, was only to the extent of Rs. 10½ lakhs, just representing the amount added to the original sum fixed years back. It is strange what forgetful memories we possess in matters where money is concerned. The reversing of the position by Sir Austen well exemplifies the saying of Lord Roseberry that memory indeed often plays tricks with us. Verily gratitude is one of the rarest virtues; it is the fairest blossom that springs from the soul, and the heart of man knoweth none more fragrant. But only on the present occasion it is owing to Mysore and not the other way round. It is, however, possible that Mysore has no right to expect it but only to render it as in duty bound. If that be so, then Rousseau was right when he defined gratitude as "a duty which ought to be paid, but which none have a right to expect."

Apart from this, there is the question of the Retrocession of the C. & M. Station of Bangalore to Mysore. This topic is bound to go through, though some short time might be required for settling the details and arriving at final decisions. Both the questions—abolition of the Subsidy and the Retrocession of the C. & M. area—have been pressed home and there can be no doubt they will have to be decided before long. People in Mysore should not rest on their oars. They should press their claims in a persistent manner. If they did so, they are bound to succeed, even earlier than they anticipate.

Japanese Competition.

Speaking on behalf of the President of the Board of Trade, Dr. Burgin recently made an important announcement concerning Japanese trade competition. In their recent Note the Japanese Government indicated that the Japanese interests concerned agreed, subject to certain limitations which have since formed the subject of informal discussion, to the proposed meetings between industries so far as they might relate to cotton textiles. Mr. Runciman has now replied to the Note, and the proposal which is under consideration is that there should be a tripartite discussion in India in the near future between representatives of the industries concerned of Lancashire, India and Japan, covering the whole field of all classes of textiles in which these countries are interested. These discussions would relate to the Indian market and to the British Continental markets in which India is interested. This proposal is made on the understanding that the discussions in India will be followed immediately by discussions in this country in regard to other textile markets between industrial representatives of this country and of Japan. The Government sincerely hopes that the Japanese Government will be able to accept this proposal on behalf of the Japanese industry, and that by means of discussions of the kind contemplated it will be possible for the interests concerned to arrive at a satisfactory agreement. The question has also been raised on the adjournment of the House. Sir Philip Cunliffe-Lister, the Colonial Secretary, agreed that Japanese competition is extremely serious in every part of the world, and is in a class by itself. In the first place it must be dealt with by the Empire as a whole, but he added that if the negotiations which are now to begin are not successful, the Colonial Empire will be prepared to take whatever steps are necessary to protect British interests.

Topics in the Journals.

Developing Mysore's Industries.

The *Times Trade and Engineering Supplement* for 1st July contains an account of State effort and Private enterprise undertaken in the Mysore State. The following is an extract from it:—

Second in population and fifth in area of the Indian States, Mysore has developed in recent years on lines which show a happy combination of State effort and private enterprise in utilizing the resources of the country. Thus the large enterprises associated with the exploitation of the Kolar Gold Field owe their *success to the foresight of Government in* providing a great hydro-electric system, which was the first of its kind in India.

With the completion of the seventh installation at Sivasamudram the total generating capacity of the station has been raised to 46,000 h.p. The demand for electrical energy, for both power and lighting installations, has steadily expanded. The work of the Electrical Department in extending the market for power in rural areas and in making it available for agricultural and other purposes has been productive. *Many irrigation pumps are worked* by power, and the electrification of small towns and villages is making steady progress. Attention is being drawn to the cheapness and effectiveness of electrical power for cottage industries.

An important product of the State is sandalwood. The oil distilled therefrom is used for perfumery purposes and is therefore a luxury article, the demand *for which is very slack in periods of trade depression.* The State maintains a sandal-oil factory, and recent slowing of world demand has been turned to account in widening the range of toilet requisites and other domestic goods in which the oil can be used, and also in securing new markets through the instrumentality of the Trade Commissioner for Mysore in London (Rao Sahib C. Ranganatha Rao). The factory has conducted experiments in distilling products like *davana* and vetivert and also some flowers which yield essential oils possessing perfumery value. A *cognate enterprise is the Government Soap Factory* which produces, in addition to soaps, various toilet preparations, and has undertaken experiments for the manufacture of drugs and medicines, waterproof textiles, etc.

GRANITE FOR KERBING.

A new development has been the growth of an export trade, chiefly to this country, in granite for kerbing. There are large deposits of excellent quality in the Kolar and Bangalore districts. The imposition of a duty of 15 per cent on *foreign stone coming* to this country has been helpful to this new trade, and granite from Mysore is now being used by local *authorities in Essex, Middlesex, and other countries.* There has also been a development of Mysore shipments to this country of ferrochrome for steel manufacture.

There is a central industrial workshop which meets the requirements of the Government departments, such as pressure stills for the sandal-oil factory, deep well pumps, soap-presses, sluice gates, and chilled shares and ploughs. *Experiments relating* to the manufacture of a bullock-driven gear pump for use on bore wells and of wooden thimbles for the insulators made in the State Porcelain Factory were conducted during the year 1931-32.

The Bhadravati Iron Works started during the Dewanship of Sir M. Visvesvaraya have not been remunerative. In the year under report 15,145 tons of pig iron were produced in the blast furnace; and the foundries made 8,602 tons of cast-iron pipes *and 896 tons of general castings. With a view to* preparing a better quality of charcoal than that made by burning wood in country kilns, cast-iron kilns were designed on the works. Investgations regarding the possibility of steel manufacture on the works were carried out during the year.

ASSISTANCE TO COFFEE PLANTERS.

Mysore coffee has a great reputation in world markets for its high quality. The coffee planters receive much assistance from the Agricultural Department in such matters as manurial experiments and *the study of the effect of soil acidity on the growth* of the coffee plant. Recent experiments have indicated that high acidity and high alkalinity are both prejudicial to coffee and that a neutral condition is most favourable to its growth.

Mysore is making a substantial contribution to efforts to make India self-supporting, in both quantity and quality, in sugar production. As a result of an intensive campaign carried on for several years, the local varieties of sugarcane have been largely replaced by new and high-yielding varieties in many *areas. A new type of seedling cane obtained from* a local variety of sugarcane and promising to be a high yielder has been evolved, and it is proposed to plant it on a fairly large scale on the new Irwin Canal Farm.

The good position of Mysore in sericulture is well known. The industry has suffered much in the last few years from the continued fall in the price of silk and the growing competition of cheap foreign silks, in the Indian markets. Owing to slackness of demand for silk the Government Filature did not *work full-time; but a new silk-weaving factory has* been established for high-grade silk fabrics. Much experimental and propaganda work has been done in connection with mulberry cultivation.

The World's Troubles.

The world's economic troubles at the present time are due to widespread popular causes, and these in turn result largely from viewing matters exclusively from the standpoint of the producer as opposed to that of the consumer, says Bertrand Russell in the *Sunday Referee.*

We are all consumers, and most of us are producers: the exceptions are the very young, the very old, and the incurably idle, such as tramps and peers. Although producers are also consumers, they are much more aware of their interests as producers than they are of their interests as consumers.

PRODUCER AND CONSUMER.

It is to the interest of the manufacturer, as producer, that the supply of his product should be

limited; it is to his interest, as consumer, that the supply of bread should be plentiful. The farmer's interest, on both points, is the opposite. But each is prepared to sacrifice his interest as a consumer for the sake of his interest as a producer; they therefore combine to put obstacles in the way of trade, under the impression that a general scarcity must be to the general advantage.

They are forgetting that the producers of a given commodity are few in comparison with the consumers, so that even if each consumer loses less than each producer gains, the aggregate loss to the consumers may exceed the aggregate gain to the producers. And so a policy intended to make each man rich results instead in making all men poor.

Exports and Imports.

Another example of the same fallacy is the desire of almost all nations to have as many exports and as few imports as possible. When exports exceed imports the balance of trade is said to be "favourable". The absurdity of this view may be seen by applying it on a small scale. Belgrave Square, inhabited by the rich, has immense imports, and no exports except what the dustman takes to the dumps; a mining area inhabited almost exclusively by wage-earners has exports of the highest value, but only enough imports to keep the population alive.

When the heiress of an American multi-millionaire marries an English Duke, the result so long as she lives in England is to increase British imports by the amount of her income, without any corresponding increase of exports; yet England is enriched by her expenditure.

If a pirate-ship had called at Robinson Crusoe's island and offered to take away all the corn he had grown for his own use and the little rum that he had saved from the wreck without giving him anything in return he would not have congratulated himself on the "favourable" balance of his trade; but he would have done so if he had been the Government of a great nation.

In that case, he would have rejoiced to have found a new market for his corn, and have begun to work harder so as still to have some for his own use. All this topsy-turvydom comes of thinking only of the producer and not also of the consumer.

The British, it must be said, have been less prone to this fallacy than most other nations, ever since in 1846, consumers' interests led them to admit foreign corn free of duty. Before that time many working-class families were compelled to spend three-quarters of their total income, or even more, on bread alone. But as the memories of hunger in the Corn Law days have grown dim, the old errors, which always prevailed everywhere else, have crept back.

America's Dilemma.

There is little likelihood, however, of their acquiring the same hold as they have, for example, in America. The ordinary American citizen, throughout the past ten years, has been insisting that foreign nations must pay their debts, but must pay them in gold. There is nothing that the Americans can profitably do with the gold when they get it. If they let it go into circulation, it merely raises prices in America which makes it more difficult for American exports to hold their own in competition.

If they immobilize it in the banks it makes no difference one way or the other, and might as well have been left in Europe, or, for that matter, in the South African mines.

The President evidently understands the situation but the man-in-the-street does not. His ignorance on these matters has tragic effects upon the world and raises problems as grave as those raised by armaments.

Sure but Slow Solution.

It is useless to blame statesmen, for in a democratic world statesmen, who will not bow to popular prejudices are compelled to give place to others more ignorant or more complaisant.

The only thorough-going solution, though a slow one, would be through the schools. It would not be difficult to give that modicum of economic instruction that would enable men to avoid the grossest fallacies, such as that it is better to receive payment for debts in gold than in goods, or even not at all. It would be unneccessary in the instruction to touch upon current issues; it would be enough to teach economic common sense in general and leave the application to take care of itself.

At present the schools teach almost nothing that can help a voter to use his vote intelligently, but we may hope that this will be remedied some day.

The Stumbling Block.

The world cannot wait, however, for the gradual operation of education; the economic problems are too urgent and too insistent. If the economic experts of the various countries had a free hand they could soon draw up a scheme which would restore prosperity, but their scheme would be unpopular everywhere.

Perhaps when things have grown rather worse party spirit among politicians may abate to the point where they will all combine, regardless of party advantage, to advocate throughout the Western World some one wholesome system.

But this is to suppose a very high degree of public spirit such as it would be Utopian to expect with any confidence. We are suffering for having introduced democracy without the proper kind of education. This was the sin of our fathers, but it is our teeth that are set on edge.

Sterling and the Gold Standard: A French View.

The financial editor of the well-known French newspaper *Le Temps* has written an article on Sterling and the Gold Standard for Lloyds Bank's Review. It is particularly interesting as showing the French point of view and answering some of the British objections to an immediate return to the gold standard. It must be agreed, however, that M. Jenny shows a very sympathetic understanding of the British attitude and is in no way dogmatic in stating his opinions. Whenever Britain does return to the gold, the position of the Central Bank must be sufficiently strong to carry with it guarantees that the stabilized rate of sterling can be maintained. The Bank of England is now in a very strong technical position.

The opinion is sometimes expressed that the improvement in the Bank of England's position is only of a temporary nature because it is due to the advent of foreign capital seeking safety in the London market, particularly since the American banking and monetary crisis. In M. Jenny's view the

re-establishment of the gold standard in Britain would attract a still larger mass of capital to the London market and there is not the slightest reason to fear any large-scale withdrawals. Subject to a war debts settlement, there is every reason for Britain returning to the gold standard at once. There is little value, he says, in the argument that, in the first place there must be a great improvement in the British export trade. One of the disabilities under which that export trade is suffering is the raising of extra trade barriers, because the currencies of so many countries are constantly fluctuating. And, furthermore, while these currencies are fluctuating, there is no chance for large-scale capital investments abroad by the richer countries. The best cure for the extra trade barriers and for encouraging capital investments is the stabilization of sterling on a gold basis, which in its turn would lead to the stabilization on a gold basis of the currencies of other countries.

America's recent departure from the gold standard certainly complicates the British position, but in M. Jenny's opinion it does not invalidate the arguments for a return to the gold standard :—

"If a rise in prices occurs corresponding to the fall of the American exchange, or even exceeding it, Great Britain has nothing to fear from a systematic American monetary dumping. In such an eventuality *Great Britain will retain the external advantage* resulting from the reduction in the gold value of sterling. Moreover, and whatever may happen, it would be difficult to conceive between Great Britain and the United States such a singular rivalry as would consist of the progressive depreciation by the two countries of the respective currencies in order to combat each other in the commercial field, or at any rate to defend themselves. If ever we witness a struggle of this new kind nobody will be able to say where it will end, and world economics can only suffer still further in consequence of such a development."

In British eyes, the restoration of the gold standard should be preceded by a rise in world commodity prices. On this subject, M. Jenny says :—

"We must confess that we do not very clearly discern the reasons which are held to justify this supplementary condition. Besides, a question of first-rate importance arises in this connection. When people wish to make the stabilization of sterling dependent upon a prior recovery in world prices, do they think that this rise should be deliberately brought about by the monetary policy of the principal Central Banks, or do they propose to wait until it results from the free play of economic law ?"

"Supposing that the first hypothesis is correct, we do not hesitate to state that those who formulate this condition are marching towards disappointment. The hope of an artificial rise in gold prices, caused by monetary manipulations, is illusory. In the first place, agreement between the various Central Banks on this point would seem impossible of accomplishment, so that one would never get beyond isolated efforts. Further, and even supposing that such an agreement could somehow be brought about, the manipulations in question, whether one calls them reflation, counter-deflation or anything else, would remain ineffectual. The American example proves it conclusively. Last year the Federal Reserve Banks put into circulation a thousand million dollars' worth of credits by buying States securities, and the Reconstruction Finance Corporation made advances to the extent of two thousand million dollars. Now not only was no improvement obtained, but this policy was not able to prevent the acute crisis of last March."

"One must arrive at the sound conviction that in a time of crisis, inflation of credit fails of its object, inasmuch as credits newly created are not used; the reason is that confidence is lacking both to lenders and borrowers. Such measures only succeed in a period of prosperity; then they succeed even too well, because they end precisely in the excesses which we witnessed in 1927 and in 1928, which are mainly responsible for our present disasters. The lessons and logic of these events appear really clear enough for everyone to profit from them."

"Moreover, *on this point the fall of the dollar* has somewhat modified the opinions previously held. In certain British and American circles, the idea is now being mooted of a new rise in world prices not by means of the inflation of credit but by means of an international devaluation of currencies. Such a project appears even more illusory than were the *earlier proposals.*"

"What would be the advantage of an operation of this nature ? No doubt commodity prices would rise, but they would rise in relation to the various national currencies and not in relation to gold. The rise obtained through the reduction of the respective gold contents of these currencies would only be *apparent.* The *purchasing power of gold* would thus not be reduced, and in the end the world would be in *status quo ante*, except in so far as in every country creditors would in a measure have been expropriated for the benefit of debtors."

"It seems, moreover, altogether out of the question that countries who have maintained a stable currency *should allow themselves to be dragged into this form* of international bankruptcy. This applies at any rate to France, Italy, Belgium and probably also to Germany. These countries, in consequence of the war, have been obliged to amputate their currencies in proportions far more drastic than those now contemplated in Great Britain and the United States. *Without killing outright the credit of States,* it is not possible to make such a surgical operation twice over upon the same generation."

Finally, there is the last condition that Britain should not revert to the gold standard until assured that the mechanism of the system will function normally.

Concerning the past working of the gold standard, M. Jenny says :—

"Setting aside the payment of war debts which introduced an abnormal element because it contributed in a measure, however restricted, to the accumulation of superabundant gold reserves in certain countries—we consider, on the contrary, that the gold standard functioned as well as possible in the presence of quite exceptional events. If gold flowed in quantity into United States and, later, into France, there were very natural reasons for this, the chief of which was the tottering of the credit of the majority of other States. *Besides, since the beginning of this* year, Great Britain has been a similar phenomenon taking place owing to the remarkable recovery of her public finances, and the strength of her Banks, and owing to the credit which her currency and money market again enjoy for these reasons. In her turn, indeed, she has profited by an influx of gold.

"If British financial authorities regard the unequal distribution of gold in world as a symptom of the alleged bad functioning of the gold standard, they have had ample opportunity to convince themselves

that, in the course of the last few months, this distribution has tended to become appreciably modified and quite naturally to the benefit of Great Britain. And, without any doubt, the stabilization of sterling, a reason for still firmer confidence, would only accelerate this fresh evolution. Other countries which have suspended the gold standard, or which have only maintained it in fiction, will experience a similar phenomenon as soon as they have done what is needed to restore their credit. It will doubtless be possible to hasten the recovery of some of them by international assistance, calculated to facilitate a return to a normal monetary system, but such assistance would be quite useless if it took place before they have themselves made the indispensable effort at home to restore their finance to adjust the balance of their payments, and, in short, to restore confidence to capital."

"Again what can one ask of Central Banks of countries which have maintained or restored the gold standard? How will they by mutual aggrement be able to secure the normal functioning of the system? Simply by respecting the rules of the game. And these rules are, in reality, very simple."

Firstly, each one of these Central Banks must allow the gold for which it is asked to go out freely and without restriction, and conversely must accept all gold offered to it. (Of course, it is only a question of delivering gold bars and not coin; the internal circulation of gold coins could not improve the functioning of the gold standard, because hoarding would be encouraged and thereby the quantity of gold available in the world for monetary requirements would undergo a diminution prejudicial to economic activity.) Secondly, a country to which gold tends to flow in vast quantities must not endeavour to attract the metal, but, on the contrary, should restrict this inflowing movement by a policy of cheap money; on the other hand, the nations which are losing gold in disturbing proportions should endeavour to retain or attract capital by a policy of dear money. Such are the rules of the game. There are no others and they ought to suffice."

"Some people will perhaps reply to us that the rules of the classic game, such as we have just recalled, might have sufficed before the war, when the movements of gold served simply to compensate for deficits or surpluses in the trade balance, but that to-day they no longer offer a sufficient guarantee, on account of the massive and over-whelming movements of floating capital, which have during the last few years compromised the stability of more than one currency, hitherto reputed to be strong. No one will dream of disputing that these movements have actually had a deleterious influence. But what gave rise to those masses of idle and floating capital? It was the generalization of the *gold exchange standard* just after the war: it was the inflation of credits which resulted on the international plane; these measures are all in a general way abuses of credit. To-day a large portion of these masses of capital is locked up or destroyed. What remains thereof will be used progressively—and normally, in short-term commercial loans—as and when economic activity is resumed in the world. The danger which still haunts so many minds will then be removed. And in order to prevent it arising again, it will be sufficient not to fall back into the errors of the past few years."

Cheap Transport.

How to make the Railways pay and at the same time provide cheap transport for the poor and sparsely populated areas between the trunk lines have been problems which transport experts have been trying to solve for generations in India, writes the *Times of India*. Mr. C. Skelton claims to have evolved a system of transport which will provide the solution. He has invented, patented and successfully experimented with a new type of rail-cum road transport and already one or two companies are being formed to take it up.

After consultation with the Government of India the Government of Bombay has classified the system as a tramway, thereby simplifying matters for companies or organizations which wish to instal the system. From the bogeys upwards the rolling-stock and locomotives resemble the stock used on a narrow gauge railway. There, however, the resemblance ceases. The rolling stock does not run on rails. Instead it is provided with wide tyred wheels without flanges as are used on railway truck wheels. Being wide the weight is widely distributed and the track on which they run may be constructed in the same way as a metalled roadway although the ideal track is a metal bed with a top layer of concrete.

It is claimed that a well-built track three feet wide is sufficient for a line of two feet gauge. The concrete on which the wheels will run need not even cover the entire surface but be let in to a depth of three inches or so and very little wider than the actual width of the wheels.

The secret of the system is how to utilize to the fullest advantage such a track and it is here that the inventive skill of Mr. Skelton is displayed. In the middle of the track and firmly embedded in it runs a centre rail. Both front and rear bogeys of each unit of rolling stock are fitted with two pins mounted on which are ball-bearing rollers which run on either side of the rail and keep the unit in proper position on the track, without swaying.

Derailment is thus impossible and shunting can be arranged by the use of a movable rail and a reasonable speed can be maintained. High speeds are out of the question but the inventor claims that where such lines would be most valuable high speeds would be unnecessary, a cruising speed of something like 15 miles an hour being ample with a reserve for special work of anything up to 25 miles an hour.

It should be clearly understood that the guide rail bears no weight and does not even play any part in the traction. Its sole purpose is to guide the train. An ingenious device has been prepared for level crossings. A gate would require to be fitted. This would be so arranged that when the gate was open to guideway traffic and closed to road traffic the guide rail would be in place. When open to road traffic and closed to the guide rail traffic the centre rail would automatically sink flush with the surface of the road and the guide rail track.

Mr. Skelton estimates that such a system would cost anything up to Rs. 15,000 per mile according to the nature of the country through which the track was to be laid or much less than one-fifth of the cost of an ordinary railway line. He visualizes many of these lines branching off at right angles to the railways into areas forty miles around where at least twenty to thirty tons of goods would require to be moved daily but to move which would not pay for the establishment of a regular railway line.

(Continued from page 598.)

Recent Economic Publications.

Monetary and Economic Conference, 1933.

League of Nations, Geneva.

This monograph has been issued by the Information Section of the League of Nations, Geneva, in the interests of the London Economic Conference which has just closed with such negative results. The world is the poorer by the ill-success that has attended its labours. Such ill-success has been due to the inherent weakness in the position of European politics to-day. Where the spirit of compromise is absent, there the difficulties for competitive, if not warring, nations are easily multiplied. This, however, is a separate matter. The League's preparatory work for its success, detailed herein, shows that the League failed despite the League's genuine efforts. The League's work deserved a better fate. But its labour will not go in vain. A conference like the one that has ended in failure is bound to be convoked once again. Europe cannot do without it. When that time arrives, the League's ambitions will have been realized. Meanwhile this account of initial work done by it for restoring order in the world economic domain where chaos has been reigning supreme will stand forth as a beacon to those who would fain follow the path of a free and prosperous international life.

There is need to add only one word as to the contents of this publication. Chapter I deals with the Monetary and Economic Conference—what preceded it and its purpose; Chapter II gives an analysis of the draft annotated agenda of the Conference; and Chapter III outlines the economic and financial work of the League. Among the Annexes are the following: (1) Final Report of the Gold Delegation; (2) Draft Monetary Normalization Fund; (3) Proposed International Agricultural Mortgage Credit Company; and (4) The Contracting Spiral of World Trade. The last of these is an interesting extract from a pamphlet on the Conference issued by the League. It drives home in vivid fashion the lesson of the present impossible world economic position. The comforting thought should be, the darkest night hath also its morrow. Let us hope so.

Economic Scares.

By Edwin Cannan, Emeritus Professor of Political Economy in the University of London. Messrs. P. S. King & Son, Ltd., Orchard House, Westminster. London, S.W. 1. Price 4s. 6d.

Students of Economics in this country as elsewhere have long admired the perpetual youth enjoyed by Dr. Cannan as evidenced by the virility of his writings and the quick succession in which they follow, even when he has reached the age of a septuagenarian. This book of less than 150 pages is no exception to the general rule. It is both strikingly well written and opportune. Those who know that among Dr. Cannan's recreations is one which he has quaintly described as "attempting to answer questions put by the old and the young", will not be surprised in seeing him making the attempt to answer certain very difficult ones in this book. That he is a good prophet—despite whatever might be said about prophesying generally—the two appendices to this volume will bear eloquent testimony to.

In this volume, Dr. Cannan has tackled four "Scares" and the manner of tackling is such that there will be no vestige left of them wherever his work penetrates. We fancy that that will be the result, provided those who are about the business of administration will realize their duty. Here is what Dr. Cannan writes:—

"It seems at the present time to be the duty of every economist to do all he can to allay the fear of an adverse balance of trade which threatens to wreck all international co-operation in industry, the fear of insufficiency of work which is giving rise to all sorts of crazy schemes of social reorganization, and the fear of spreading too much or living on capital which is nearly killing the increase of capital." Whatever may be his misgivings, it will be readily conceded that he is not flogging a dead horse. As he puts it, he has flogged one of these for well nigh forty years and he knows that when he began flogging it, the particular scare was "still very much alive". It requires courage and conviction to write thus but those who know and appreciate Dr. Cannan know that he is never afraid to face a thorny public question and lay it bare in the public interests. That is what he has done in these graphically written pages on the four topics he has chosen:—(1) "An Adverse Balance of Trade"; (2) "Not Enough Work for All"; (3) "Too Little Saving"; and (4) "Over-Population". Originally delivered as Addresses between 1931 and 1933, there is freshness in them. On the first of these, we will permit ourselves only one small quotation to indicate his view:—"Even so we manage to carry on, and whether on or off the gold standard we certainly shall not benefit by reviving the three-hundred-year-old and long-ago exploded superstition that the balance of trade must be watched over and kept right by Parliament—a superstition which can only be ranked with the once equally widespread belief that witchcraft must be smelt out and witches burnt at the stake." Balance of trade—a "superstition"! That is well said, we should say, judging from the evils resulting from an absurd cry about the balance of trade so incessantly raised in certain quarters to-day.

On the second topic "Not Enough Work for All", Dr. Cannan has some home thrusts. They cannot be retailed here, but two short extracts from it ought to speak for the excellence of that paper. Dr. Cannan writes:—

"I have never been one of those who believe that great inconvenient changes of price-level are as unavoidable as changes of weather, and I am convinced that the present trouble is due to the reigning school of monetary experts having mixed up the rate of interests and the purchasing power of money in such confusion that they no longer know how to maintain or raise a price-level, while the Treasuries, which know very well, are afraid of medicine of which an overdose is so easy. But this does not in the least invalidate my thesis that the demand for labour is indefinitely extensible with the number of persons able and willing to work for a remuneration compatible with the conditions of the time and place. It does in the least impugn the truth that general unemployment is the result of a general asking too much. It only means that those who are asking too much have been led into doing so unconsciously."

That is, we think, well said, though caustic to a degree. But it is well-merited criticism and will carry the lesson home, which is thus brought up-to-date by Dr. Cannan:—

"If I may be allowed to add a word specially appropriate to the present moment, I would say the public should learn to distinguish between the false 'Economy' effected by stopping quite desirable work without putting any other in its place, and the real economy effected when rates of pay are reduced so that more persons are employed and production increased."

On the third topic, "Too Little Saving", Dr. Cannan has much to say. The Economy Stunt gets adequate attention at his hands and the evils it has perpetrated are set down in a manner all his own. Here is an extract taken at random:—

"Here lay the fatal objection to the great Economy Stunt. There was not the slightest reason to suppose that there was any need to re-distribute the forces actually in employment. The preachers of the Stunt revelled in denouncing this, that, and the other employment as unnecessary or unimportant, but always completely failed to say what were the more necessary and important employments into which persons and machinery now employed in what they said were unnecessary or unimportant ways should be drafted."

He then describes how the disease spread from the Central Government to the local authorities and everybody went slow. The greater tragedy then occurred of the Stunt invading "private enterprise"—by the banks being induced "to refuse to support new issues of capital". This suicidal policy, as Dr. Cannan terms, was adopted "to save perhaps", he adds, "ten millions a year more by a Conversion Scheme than it had any right to expect." That was the objective and of it he says rather pungently though justly:—

"By this miserable, suicidal policy the State has been assisting greatly to increase unemployment and to prevent accumulation. The enormous drop in the aggregate of individual's savings—surpluses of income over current expenditure—is the natural result of the diminution of incomes caused by the stoppage of work and output." That is not only economics but also plain common sense.

On the fourth and last topic, "Over-Population", Dr. Cannan has a most attractive paper, in which the problem as a whole is treated since the days Mathus first propounded it. It is worth study, if for nothing else, at least for appreciating the style of critical writing that is characteristic of Dr. Cannan. Is a decline in population likely to prove helpful in removing unemployment? Dr. Cannan thinks it a "profound error" to think so—in his opinion it is based on an elementary misconception of the origin of demand. Should cessation of the growth of population be regarded as a good or an evil turn in human history? Dr. Cannan says that the limitations of economics and perhaps of human nature prevent any straight answer being given to this question. Different persons may give, he adds, different answers to it and the same person may give different answers at different times. But what the point really is is thus stated by him: "After all, the increase must stop some time, and watching the effect of the stoppage will be a very interesting experience which I should like to have been born late enough to enjoy." That is well said and with it we may stop. But before doing so, we commend this very readable, yet very intensely realistic, book to our readers.

Banks and the Money Market.

By B. Ramachandra Rao, M.A., Ph.D., F.R.Econ.S. (London), Department of Economics and Commerce, Calcutta University. Messrs. Lalchand & Sons, Calcutta. Price Rs. 2.

There are included in this volume four lectures delivered before the Indian Institute of Bankers, Calcutta Centre, with which the author is connected as Honorary Lecturer. These lectures are devoted to:—(1) The Ideal Money Market and its Organization; (2) Expansion and Contraction in the present-day Currency System; (3) Other Monetary Markets; and (4) The Ideal Monetary and Banking Standard. There can be no question that these are topics of current interest. Dr. Ramachandra Rao has specialized in Banking and his views and opinions are accordingly of a kind that ought to carry weight. The first three lectures set forth in a simple and convincing manner the ideal money market and the features of our own money markets. Some—including the author—may think that this part of the work is elementary but much may be gained by the layman from a clear statement of what is to the trained banker a matter of no consequence. What is more to the point in this volume is contained in the last Lecture to which we would invite special attention. That is a Lecture that might well be studied to profit by even experienced bankers and business men. Dr. Rao's suggestions urging the creation of a Bill Market and a Central Reserve Bank have practically been endorsed by public opinion. His suggestion that Indian Joint-Stock Banks should more largely undertake the financing of the country's foreign trade is one that cannot be gainsaid. There are eight appendices to the book and they deal with a wide variety of topics of banking interest. Altogether the volume appears at a time when banking in India is about to get a fillip in the larger interests of the country. It ought to be, therefore, warmly welcomed as a real contribution to the subject to which it is directly related.

Decline and Fall of the Labour Party.

By John Scanlon with a Preface by James Maxton, M.P.—Peter Davies. London. Crown 8vo. Pp. 251.

This is bound to be an epoch-making book. Written by one who was an ex-Socialist Member of the Parliament, Parliamentary Secretary to the first Labour Attorney-General Sir Patrick Hastings and, latterly, to Right Hon'ble John Wheatley who, with James Maxton, was primarily responsible for the formation and maintenance of the British Independent Labour Party, and lobby journalist, "The Decline and Fall of the Labour Party" can be deemed to have been written by one who has access to inside information and who knows the ropes of party organization and parliamentary administration very well.

This is a timely publication. It is a complete counterblast to the pretensions of Ramsay MacDonald as the uncrowned king of Socialist Movement in England during the past ten years in particular. Its chief interest does not lie in the fact that it is written in the most dramatic form possible, because there is a very strong element of drama in the fortunes of the Labour Movement in England, especially in its relation to parliamentary administration since 1924. It grips the reader with avidity because the style as well as the subject-matter is of a very thrilling character. A mere chronicle of incidents in the life of the British Labour Party, it is bound to be racy in its exposition. It is not a text-book on British socialist principles because it is not a studied exposition of the philosophy and method of action

of the Socialist community in the Britain of the post-war era.

If I am not mistaken this little book is bound to exercise a profound influence upon the rank and file of the Socialist Party of England in the same manner in which Karl Marx's *Das Kapital* shook the foundations of proletarian indifference all over Europe exactly one hundred years ago. Its chief contribution to the sphere of Socialist thought and practice lies *in the fact that it is a trenchant and* calculated tirade upon the vagaries which can be committed by Socialists all the world over when once they emerge from the status of street-corner agitators to that of national statesmen entrusted with the task of carrying on the administration of the country. In my opinion this book ought to be read by every intelligent Indian who has the good of our workers at heart and by every so-called Labour leader. The progress of the Labour Movement in England is synonymous with the creation and partial maintenance of a gigantic socio-economic edifice as well as the committal of an equally gigantic fraud upon the mind and being of the proletarian class in that country. Young Labour in India has a definite object lesson to receive from this study in economic sociology. I cannot possibly exaggerate the value of this book *not only to the politician but* to every student of economic and other public problems in the country.

From Keir Hardie and 1906, when the first real Labour contingent was returned to the Parliament, to August 1931 when MacDonald and the Socialist Party in England capitulated to a *bourgeoise* and high finance and when the National Administration under the so-called Socialist Premier was established, is not a distant way. The early struggles of the Socialist Movement in England with its Trade Union *activity and the careful promulgation and* codification of Socialist Principles may be fittingly described as constituting a tremendous effort towards demolishing *class distinctions and Conservative tradition* in the most insular country in the world. Lloyd Georgean and Asquithian Liberalism no doubt gave the early Socialists a tremendous amount of assistance. Fostered by this step-motherly affection of the Liberals, Keir Hardie and his adjutants gradually built up the fortunes of voluntary socialism in England. Social legislation in pre-war England was fugitive in character but there is no doubt that Liberal help to early Socialists cannot be over-estimated in its colossal form of socialising the country.

The Great War created a hiatus in the fortunes of the British Socialist Movement. Maxton, Scanlon and Clynes were sent to jail under the provisions *of the* Defence of the Realm Act. Even MacDonald was a conscientious objecter and the arch-enemy of Capitalism, I mean Imperialism, in the country. Socialists of the *war-period were considered to be* traitors and the champions of the suppressed race. The international proletariat movement was fast becoming organized and a common mass socialism for the whole world was being gradually evolved.

In 1924 Labour had its first chance to run the Administration of the country. A group of Deputies constituting less than a third of the House was entrusted with the management of national affairs as a Minority Administration. But nervousness soon overtook the first Socialist Administration in the shape of the ill-begotten trial of the Communist Campbell and the equally unjustified red-rag of the Zinovieff Letter.

The flash of activity was thus followed by a period of great disillusion. In fact, the first Labour Administration in England instead of being a tremendous forte to the Socialist cause actually proved to be the besetting sin of the entire community of Socialists in the country. A conflict of principles, a conflict of personalities and, more than that, a *conflict of authority in the party as well* as outside has engendered degeneracy in the British Socialist Movement.

Mr. Scanlon's book is a true mirror of this process of gradual deterioration in the ardour of the Socialist Movement in England in the post-1925 period. MacDonald became suspect "The Socialist Club", otherwise the new Socialist platform of action, was built up and there was plenty of introspection among the rank and file as well as the heart and mind of the Movement. Five years of patient reconstruction work brought the Labour Party once again to the top, this time not as a Minority Administration but as an Administration in its own right. Twenty-five months of futile Governmental activity followed. Socialist principles were gradually jettisoned, and "Socialism in Our Time" was pushed to the back-*ground. The British Labour Movement gradually* shifted more and more to the Right and the *bourgeoise* element, which is the new creation of the Party, *has come to assert itself at the expense of genuine* Marxism and the much-coveted dictatorship of the proletariat. There is no doubt that the elder statesmen of the Socialist Party, the Snowdens, the Thomases and the MacDonalds turned traitors to the community which made it possible for them to achieve office and to the real cause of Socialist Movement. The inevitable crash came along in August 1931. MacDonald became the arch-villain of the conspiracy to sabotage the Socialist Movement, and the National Administration was established as a sequel thereto.

The decline and fall of the Labour Party was thus complete, complete in its catastrophic vehemence. The British Socialist Movement was rent from top to bottom and, more than this, has not only lost its morale but also assumed an ugly appearance. Where corduroys and the miner's cap ought to have *prevailed, the top-hat and the tail-coat have* come to be paraded. With this sartorial metamorphosis came in a complete change in the outlook of upstart *politicians who suddenly became obsessed with* power and patronage. Democratic and Parliamentary Socialism have completely collapsed and the Socialist hopes of a modern Utopia have also crumbled to the ground. It is now being wondered whether parliamentarism is consistent with a Socialist dispensation. The undoubted reaction of this collapse of Collective Socialism can only be in the direction of a more Marxianized Proletarian effort. May be, a modified type of fascism may run the field in the near future. May be, Leninism may flit across Great Britain with a gusto, the like of which can only be supplied by Leningrad.

Mr. Scanlon has rendered distinguished service to all well-wishers of the proletariat as well as to the earnest student of economic doctrine and practice in having brought out this important publication *which is sure to have a lasting influence upon all* mass movements in every corner of the globe.

Andhra University,
WALTAIR,
23rd August 1933.

LANKA SUNDARAM.

The Framework of International Society.

By S. H. Bailey, London, 1932, Longmans Green & Co., pp. 88.

This small book written by a Member of the staff of the London School of Economics is one of the first fruits of the series of publications arranged by the Workers' Educational Association of England. The main purpose of these publications is to bring the working class students near to an appreciation of some of the most pressing world problems in a manner which is entirely befitting the proletarian mould.

This present survey of international life is of a very elementary character. Messrs. Harold Laski and Leonard Woolf have gone through the manuscript and I am convinced that it would be read extensively by any one who wants to have a clear idea as to the canalization of international life during the present century in particular.

Mr. Bailey has divided this book into six chapters: the foundations of international relations; the growth of international society; national methods for the conduct of international relations; international methods for the conduct of international relations; the elimination of war; the framework of international society. The approach to the problems indicated by this analysis has been more of an organic character than some of the recent publications on the League of Nations and other international mechanisms. The author has attempted to vindicate the necessity for the existence of the League of Nations as well as demonstrated the collapse of bridled nationalism during the present generation. It cannot be accused of being prejudiced against the League of Nations, but published in 1932, that is to say clear one year after the Sino-Japanese dispute over Manchuria, has shaken the foundations of Geneva, any attempt to emphasize Art. XV of the Covenant of League of Nations, Art. I of the Kellog Pact, Art. XXXVI of the Statute of the Permanent Court of International Justice and other instruments created after the Great War, is sure to look a little ridiculous. Subsequent events have shown that Japan has not only flouted the authority of the League of Nations but has actually resigned her membership of that mammoth international organization with calculated impunity. Has the League of Nations applied Article XVI of the Covenant and forced Japan, by means of economic blockade, to recognize its authority? Has the logical pleading of Mons. Tardieu on behalf of France that an international force should be created in order to handle situations of the type we have witnessed in Manchuria been accepted? Are there any sanctions for the League of Nations which guarantee enforcement of the League's mandates? We can multiply these questions almost indefinitely and we can postulate the point that without adequate structural and fundamental changes the League of Nations is bound to be ineffectual in the last analysis.

But Mr. Bailey's survey is intended to create public opinion among those English-speaking people to whom Karl Marx is almost dead. This booklet is a plea to extend Marxian internationalism which has so far been delimited to the sphere of economics, to the realm of interstatal co-operation.

Mr. Bailey has done well to earn the gratitude of all students of international politics to bring out this small and inexpensive publication. Unlike the approach of writers of the *bourgeoise* and capitalist classes, the spirit of the worker pervades this little publication.

Andhra University, WALTAIR. *23rd August*, 1933. — LANKA SUNDARAM.

Books in Brief

Short Reviews of Recent Books

The English Constitution.

By Sir Maurice Amos, *The English Heritage Series*, pp. xii+194. Messrs. Longmans, Green & Co., London. Price 3s. 6d.

This book, the first of the *English Heritage Series* edited by Viscount Lee of Fareham and J. C. Squire, is a pioneer attempt at a popular exposition of a subject of absorbing interest, namely, the English Constitution, by no less a distinguished author than Sir Maurice Amos. Sir Amos begins the subject from the point of view of an inquisitive foreigner engaged in conversation with a native of England on the essential features of the working constitution of the United Kingdom; and gradually leads him on to an intelligent understanding and appreciation of the subject-matter of the book, convincing him finally that the English Constitution is 'religion without dogma' (p. 194). While the English Constitution is an admirable example of the adaptation of "*old institutions to new uses*," it is indeed very important to remember, as Sir Amos observes, that behind the Constitution as it exists at present, there is a Political History which is a "remarkable tale of progress to ordered freedom and of the progressive conciliation of the rival and ever-growing claims of the state on the one hand and of the individual on the other" (p. 15).

The book is divided into nine chapters: Chapter I is devoted to an examination of the main factors (namely, National Character, Geography and Accident) contributing to the growth of the Constitution and Constitutional Conscience; and to an explanation of the terms 'Rules of Law', 'Conventions of the Constitution and 'Principles of Liberty'. Chapters II and III deal with an exposition of the moving spirit of the English Constitution, *viz.*, the Spirit of Law; the Evolution of the Constitution down to the 18th century and Montesquieu's Doctrine of Separation of Powers. Chapter IV describes the Evolution and Principles of the Cabinet and Party Systems. Chapters V and VI deal with the position and prerogatives of the *King* as distinguished from the *Crown*, and an examination of the legal aspect of the functions of the King as vested in the Crown. In Chapter VII we have an account of the machinery for the exercise of the powers of the Crown, *viz.*, the Privy Council, the Cabinet and the Permanent Civil Service. Chapter VIII describes the evolution of the English Parliament, the organization and structure of the House of Commons and the House of Lords, the

Conduct of Elections, the Functions of the Parliament, the Principles governing the financial measures of Government, in the House; the procedure followed regarding *Money* and other Bills; and the Office of the Speaker of the House. Lastly, in Chapter IX we are treated to an exposition of the *Liberties* of the subject, as under (i) Parliamentary Government and the limits of the Prerogative, (ii) minimising interference with people's freedom in matters of opinion, contract, trade and social habit and the Rule of Law—with *special reference to the Writ of Habeas Corpus*, the right of Public discussion and the trial by Jury.

The book has a valuable *Introduction* from the pen of Rt. Hon. Lord Hewart, Lord Chief Justice of England, drawing pointed attention to the leading features of the English Constitution. Written, as it is, in a non-controversial spirit and in a lucid style this book ought to prove useful to the layman, besides serving as a fitting *Introduction* to the subject, to students just beginning their studies in Constitutional Law. To those who have studied standard works on the subject, it really provides a precise and succinct account of the same.

It may not, however, be out of place to indicate here the necessity for the inclusion of a short chapter on Local Government in England and an *Index*, in the next *Edition* of the work which, we hope, will soon be called for. An entertaining, useful and up-to-date little book—with an excellent get-up—which deserves to find a place in the libraries of all schools and colleges.

N. S. R.

Jinjivas.

By Vishnu Luxman Kale. Second Revised Edition. Published by V. L. Kale, Belgaum, pp. 144. Price As. 12.

It is indeed gratifying to note that in recent years attempts are being made in various parts of India to unearth, describe and interpret the history of local dynasties and peoples from a correct standpoint with due regard to the interests of historical truth. The book under review is an English translation of the author's original work in Marathi, entitled *Jinjivas*. The theme of the work is centred round the affairs of the Mahrattas from the death of Sivaji in 1680 down to the Coronation in Satara of Raja Ram in 1698—a period of considerable importance in Modern Indian History, particularly from the Mahratta and Moghul points of view.

Mr. Kale, with his genuine talents as a story writer of a high order, has woven round the facts of the history of the period, a drama of great significance, pointing out in true and vivid colours the greatness of the Mahrattas as a nation of warriors and patriots of no mean calibre. The misrule of Sambaji and his capture and execution (by Aurangzib) in 1689 along with his voluptuous minister Kalusha; the siege of Rayagadh by Zulfikar Khan followed by the capture of Sambaji's wife Yesu Bai and his son Sahu; the flight of Raja Ram, the step-brother of Sambaji, from Vishalgadh to Jinji in the Karnatak, with a band of faithful Mahratta warriors undergoing untold hardships consequent on Moghul vigilance; the baffling of the earlier attempts of Aurangzib to capture the fort of Jinji from the Mahrattas; Aurangzib's honourable treatment of the family of Sambaji; the final siege of Jinji by Zulfikar Khan, made possible by a split in the Mahratta camp after the death of Santaji; the loyalty, steadfastness and single-minded devotion of Mahratta leaders like Prahladpant, Ramchandra Pant, Santaji, Dhanaji, Khandopant and others; the escape, during the siege of Raja Ram from Jinji to Satara and his Coronation; the renewal of Mahratta aggressions in Northern India under him, and Aurangzib's ultimate decision to conquer the Maharashtra—these are, among other topics, touched upon by the author in this book of nineteen telling chapters.

It is, however, much to be regretted that in spite of the fact that this book has run into a second edition, its usefulness is marred by numerous mistakes in spelling, and battered types, throughout. An improved edition is eminently desirable. We look forward with great interest to Mr. Kale's English translation of the other works of his in Marathi.

N. S. R.

History of India—Islamic Preiod.

By Late Ghulam Mohammed A. Shaik. Published by G. A. Shaikh, Grassia College, Junagadh, pp. xviii + 208. Price Re. 1.

Students of History are well aware that in recent years studies in Islamic History and Culture are rapidly progressing in India, being directed primarily to dispel the wrong notions of the earlier generation of writers, caused by *want of sympathy* with an ill-understood civilization as well as by a misreading of the original texts. The author of the present book, the late State Historian of the Junagadh State, has given a true expression to the spirit of the times, by presenting, *mainly from original Persian Histories*, a consecutive account of the Muhammadan Rulers in India, from the time of the conquest of Sind by Muhammad Kasim (in 711 A.D.) down to the deportation of Bahadur Shah II, the last of the Moghuls (in 1862).

The author, writing in a clear and simple style, brings out his account of the great Rulers of the period in bold contrast with the versions usually found in school text-books on Indian History, now current (*cf.* the account of *Tughlak*, *Jahangir*, Aurangzib, etc.). His viewpoint, however, regarding the Mahrattas in general and Sivaji in particular is *wholly wrong* and *antiquated*, and requires to be corrected in the light of recent researches of well-known scholars. Likewise, one is at a loss to know why he has omitted all reference to Akbar's religion, a topic of great interest in the Moghul period. Readers *may not agree with all the views expressed*, by the author but he has admirably succeeded in indicating that Islam found a congenial soil in India and that the two cultures, Islamic and Hindu, though alien to each other, flourished side by side in peace, amity and concord—*with the solicitude of the Rulers* to both. The printing and get-up of the book need considerable improvement which, we hope, will be attended to when a new edition of it is called for.

N. S. R.

Selections from the Peshwas' Daftar, No. 29.

Government Central Press, Bombay. Price Rs. 6-11-0.

This volume of "*Selections from the Peshwas' Daftar*", the 29th of the series, is as usual edited by Rao Saheb G. S. Sardesai, and is entitled "Affairs of Northern India: Peshwa Madhavrao I 1761-1772". It deals mainly with the efforts made by Madhavrao I to retrieve the situation created by the catastrophe

at Panipat. The first few letters afford an illuminating picture of the actual state of the country when the Marathas, after their defeat at Panipat had evacuated Hindustan and retired beyond the Chambal. *A remarkable fact disclosed by these papers is that* the victory of 14th January 1761 availed the Abdali King comparatively little. For three years thereafter, he negotiated for the friendship of the Marathas from beyond the Indus and ultimately ratified a formal peace with them in 1764.

Once again the Maratha chiefs in Bundlekhand crossed the Jumna and pushed their conquests beyond it as soon as the Afghan army evacuated the Punjab. The fascination of the correspondence printed in this selection is, as Mr. Sardesai remarks, enhanced by the variety both of style and detail, coming as it does from the pens of more than a dozen different writers. The Jats, the Rajputs, the Rohillas and the Imperial Court of Delhi contribute their shares to these papers, which make essential additions of incident and detail to the scanty knowledge available at present on the subject. The rise of Mahadaji Sindia, his flight from the wrath of Raghoba, the contemporary movements of the English, and the development of events in various parts of India,—those and other points are graphically detailed and culminate in the installation of the Emperor by the Marathas on his ancestral throne at Delhi towards the end of 1771. A few papers for the years 1773-74 are also included in this Selection to show how the premature death of the young Peshwa quickly ended almost all the good work that had been accomplished.

Towards the close of this Selection are printed some letters and important entries extracted from the Peshwas' Diaries, giving details of an expedition *against Delhi despatched by the Peshwa Madhavrao* I under the joint command of Ramachandra Ganesh and Visaji Krishna supported by Tukoji Holkar and Mahadaji Sindia. Many useful details of this expedition can be gathered from the Peshwas' Diaries which ought to prove of great interest to the student of Maratha history. How money was raised and spent, how diplomacy was carried on, who were the principal agents employed on various missions—these and similar topics are well illustrated in the extracts published. Presents received were evidently scrupulously credited to Government.

The itinerary of Ramachandra Ganesh is given, his daily movements with dates and halts. This is a sample of what a Maratha expedition was like. Those who speak of Maratha "raids" in a rather disparaging way ought to read it through and inwardly digest it.

Indexes to the Selections Nos. 1-25.

A volume of "Indexes to the Selections from the Peshwas' Daftar, Nos. 1-25", compiled by Rao Saheb G. S. Sardesai, the Editor of the Series, has also been issued by the Government Central Press, Bombay (Price Rs. 2-10-0.) Selections from No. 26 onwards have their indexes printed at the end of each volume. Considerations of space have been mainly responsible for the Editor's decision to confine these indexes to proper names and to group subjects and events under them. Incidents have, therefore, to be looked for under the names *of the individuals chiefly concerned. As a number* of new names, about which little or nothing was previously known, have come to light, the Editor has done well in bringing them up together. Incidentally these indexes will serve to some extent as a Dictionary of National Biography for the student of Maratha history. The indexes have been made, Mr. Sardesai tells us, as comprehensive and exhaustive as the time and means at his disposal permitted. For facility of reference, he has paged each index separately. *In concluding the series of reviews* we have published we should congratulate both the Government of Bombay and Mr. Sardesai on the fine selections they have made available to historical students in India.

The Legal Rights of Women under Different Communal Laws in India.

By Ramanlal Mehta, B.Sc., LL.B., Pleader, Rajpipla, 1933. Published by Mr. G. G. Bhat, at the Advocate of India Press, 9, Bakehouse Lane, Fort, Bombay. Price Re. 1.

This little book, which is a prize thesis submitted by the Author to the Civil Marriage Association of Bombay, deals succinctly and clearly with the present law in India as to the rights of women of various communities. The author, in explaining the existing law governing women, in their contractual, marital and proprietary relationship as spinsters, married women and widows draws pointed attention to their legal disabilities and offers valuable suggestions for their removal. The following are some of the topics dealt with in this book : (1) Right of divorce ; (2) Right of judicial separation ; (3) Right of re-marriage ; (4) Right of maintenance ; and (5) Right of succession.

This timely publication deserves to be in the hands of every social reformer and politician, who alone can bring about necessary changes in the existing law, the former by moulding public opinion in favour of alteration in the law and the latter by getting necessary enactments passed through the legislature of the country. In the Indian States of Mysore, Baroda, Travancore and Cochin, the Legislatures have recently passed bills for the removal of some of the legal disabilities of women. Under the altered law, certain females become entitled to a share at a partition of joint family property between either brothers or father and sons.

Mr. Mehta opines that the provisions of the Special Marriage Act in force in British India and applicable to persons who contract a civil marriage under the Act recognizes equality of status and rights between males and females and that, if the Act becomes the general law of all communities of India, it would remove many of the disabilities of women in matters of inheritence, succession and marriage and prevent litigation. We endorse in full his opinion in this matter and commend the publication to laymen and scholars interested in the subject.

We hope ere long the British Indian Legislature will pass bills similar to or an improvement upon those passed by legislatures of some of the Indian States.

C. T. R.

Annual Cotton Chart for 1932-33.

Messrs. Chunilal Mehta & Co., 51, Marwari Bazaar, Bombay.

The Annual Cotton Chart for 1932-33 issued by Messrs. Chunilal Mehta & Co., Brokers and Commission Agents, is as usual a welcome publication. This *is its ninth* year of issue, which shows what a handy annual it is. In it, April-May 1933 Broach quotations in Bombay and corresponding month quotations for American cotton in Liverpool and New York are graphed as usual. We also find graphed the London-New York Cross-Rate which has continued

to be an important factor. It may be noted that cotton reached its highest point during the period, on 9th September 1932. From that day a precipitate decline can be seen on the Chart in all the three lines of Bombay, Loiverpool and New York cotton. In New York, from 9.34 cents in the first week of September, it came down to 5.31 cents in the first week of December—a decline of about 3.53 cents. During the same period prices in Bombay came down from Rs. 269 to Rs. 189—a decline of Rs. 80. During April 1933, U.S.A. finally abandoned the Gold Standard and the line for London-New York *Cross-Rate showing a straight upward course from* April 13th to May 25th expresses the improvement of Sterling value in terms of Dollars. It is noted in the Chart that owing to the same reason, *i.e.*, the abandonment of Gold Standard by U.S.A., the New York cotton blue line which was below Bombay cotton red line upto end of March, has spurted upward from 6¼ to 8¼ cents showing a rise of about 2½ cen t in terms of depreciated Dollar.

This is sufficient to show the value of the Chart to those interested in cotton and cotton facts.

Akbar.

By Laurence Binyon. Published by Messrs. Peter Davies, Ltd., 30, Henrietta St., London, W.C. 2. Price 5s.

This book on one of the greatest of rulers of India written by a poet *literateur* and a well-known authority on Oriental paints and drawings, and dedicated to *William Rothamstein*, well described by the author as "a lover of India" and that "in token of old friendship" is what it should under such circumstances be. It is brilliant, picturesque and impressive to a degree. It is a study and a bit of word painting as well. The historian's estimate is traversed with the delicacy we associate with a poet. Mr. Binyon's criticism of Vincent Smith's opinion of Akbar is essentially just. We have also a fair evaluation of contemporary Jesuit characterizations. Mr. Binyon suggests that Akbar's greatness lay in his being essentially human. His very faults and weaknesses belonged, in Mr. Binyon's opinion, rather "to the things which made him great". How did he achieve the impossible in India—the welding of different races, *different states*, and different religions into a whole? Mr. Binyon sets that feat to—organization; to a settled policy which persuaded his subjects of the justice of their ruler; his identifying himself, though a foreigner, with the India he had conquered; and his desire to see that much he did survived himself and became permanent. He succeeded and his principles and practice have been largely adopted into the British System of Government. No Government that succeeded his has done or even aimed as much as he did. No wonder that this is so—for they have been *far different from his* and *his ideals* of conduct. Altogether Mr. Binyon has written a great, a good book and a book too worthy of study by the scholar and the man-in-the-street. It is a splendid piece of reconstructed history which combines in itself the biography—personal and other—of one of the world's greatest kings.

The Modern World (1789-1931).

By S. A. Pakeman, M.C., M.A. (Cantab.), Professor of Modern History, *Ceylon University College*. Messrs. Macmillan & Co., London, Madras and Bombay. Price 3s. 6d.

A more carefully written and self-contained general history of the modern world we have not read in recent years than this one. It is on the whole well conceived and well executed, though *in the matter* of India it lacks breadth of view and independence of outlook. This seems a pity in so good and handy a book but it is not impossible to see the general collapse of thinking on the part of the ordinary Britisher who is apt to view "law and order" as the be-all and end-all of Governments. At the same time, it is of interest to note that the author blames the Government in India and England for not recognizing the Indian National Congress and its demands for the development of self-government earlier. The *author's words are worth quoting.* "*As far back as* 1885 an Indian National Congress met to urge the development of self-government, but it has taken a very long time for its opinions to be listened to by the British Government either in Britain or in India." Nobody can deny the justice of the rebuke administered. Verily in politics, a stitch in time does save nine—if not ninety. The volume is well illustrated by maps and pictures.

The Diabetic Diet.

By a Science Graduate and Certified Dietician, Revised by a well-known Physician, an Authority on Nutrition. John Bale, Sons and Danielson, Ltd., 83-91, Great Titchfield Street, London, W. 1.

Indians are cursed with the fell disease, of which this book treats. If diabetes has a cure, it consists of diet. And if diet is of such value, here is a book of the utmost import to India and Indians. It is *of practical import, for it consists of no mere verbal* advice but tangible recipes, which, with the aid of one's own doctor's directions, ought to make the sufferer less fearful of death. If we understand this book aright, death indeed, can be defied by its aid. Though devoted to the cure of diabetes by regulation of diet, this book has, incidentally, value to those who enjoy their normal health. If the statement—made on authority—that the diabetic *diet is the ideal diet, then this book could be used* by others as well. Only non-diabetics have only to use the *recipes in it in a slightly different way*—by adding sugar and condiments as they choose. A book of real value, worthy of a wide circulation in this country. A chapter on Indian diet would enhance its value.

From Yeravda Mandir.

By M. K. Gandhi. Published by Jivanji Desai, Ahmedabad. Price As. 2.

This booklet is a veritable mine. It professes to be a mere *translation of the letters of Mahatma* Gandhi to the intimates of his old Ashram done by Mr. Desai but it has had the *imprimatur* of the Mahatma himself. Written in 1930, it has a *historical* value as well. But from the ethical side, it has a permanent value to people in and beyond India. Mahatma Gandhi in a brief preface testifies to the fact of its wide circulation and to the multiplication of copies that has had to be done to meet the demand. That signifies its worth. In re-issuing Mahatma Gandhi has not done more than touching it up here and there to bring out his meaning more to his own liking, as he puts it. *Apropos* of the great sacrifices made by *Mahatma Gandhi, it may be mentioned* that there are two chapters here on the *Yagna* or sacrifice. One short sentence, taken almost at random,

will indicate the dominating spirit in it :—"Our body is His to be cherished or cast away according to His will. This is not a matter for complaint or *even pity; on the contrary, it is a natural* and even a pleasant and desirable state, if only we realize our proper place in God's *scheme*." That is characteristic of Mahatma Gandhi and that being so, this booklet ought to find a ready sale. Charitable-minded people should buy them in tens of thousands and distribute them free throughout India, Burma and Ceylon. Others equally well blessed should send out copies by the hundreds of thousands to Europe and America for distribution among the trans-continental nations. That would give publicity for both *India and right conduct among the men* and women of the world.

Teardrops.

By Nalapat Narayan Menon. Translated by V. Madhava Nair. Arthur H. Stockwell, Ltd., 29, Ludgate Hill, London, E.C. 4.

This is a fine monody sung by a feeling husband over the loss of his beloved. The tragedy of woes is tellingly portrayed. The title of the poem is thus explained in the opening lines :—

I built a castle with tiny bits of sighs mortared in tears
And lo! It fell demolished by an unknown hand.
Thus is the way of the world.

A wife, a child, a dog—nay, anything animate or inanimate, may, by its loss, make a soul go into *tears*. If an Annie Besant and a Professor *Huxley have expressed the keenness of their loss* by their lives, here is a poet who vainly seeks "an *answer*" for his sorrow. *A good poem, well rendered.* Its value is in its moral, which is thus summed up :—

"Let me cry haltless, I impede the progress of my beloved in the higher world."

That is so. *Loss is gain* and gain is loss—that is the stern fact in the domain of life and death.

The Travancore Chamber of Commerce Manual, 1933.

The Travancore Chamber of Commerce, Alleppey, Travancore State.

A handy valuable publication of interest to commercialists and traders. Besides a brief statement about the Chamber, the Travancore State and its ports, it gives an adequate idea of the membership of the Chambers, its bye-laws and rules, schedules *of charges, tonnage scale, port dues, steamship lines,* etc. The *Manual* ought to prove a hardy and useful *annual*.

Gwalior of To-day.

Alijah Darbar Press, Lashkar, Gwalior.

Published under the orders of Shrimant Khase Saheb Pawar, Home Member, Gwalior, this well-illustrated volume ought to prove of great interest *to those interested in Gwalior. Gwalior to-day is* really a forward State. It is daily going up—in industries, education, health and sanitation, co-operation, etc. It is but meet, therefore, that it should have adequate publicity about itself. This volume issued by the Darbar's Publicity Department covers a wide field and is in every way what a publication of this kind ought to be.

It is fully informative of the activities of the State, of its public institutions and of its places of interest. Various appendices dealing with the Ruling family, the Council of Regency, Census figures, places of archaeological interest, the mineral wealth of the State etc. enhance its value. The illustrations are many and of varied interest. An excellent volume worth the attention of commercialists and traders besides *the man-in-the-street.*

Acknowledgments.

Federation and Indian Princes.—(Reprinted from Feudatory and Zamindari India). By A. Padmanabha Iyer and printed at the Wednesday Review Press, Trichinopoly.

Electricity on the Farm.—By R. Borlase Matthews. Issued by British Electrical Development Association, Inc., and published by the British Electrical Development Association, Inc., 15, Savoy Street, London, W.C. 2.

Some Suggestions as to How Electricity can help the Farmer.—A Paper presented by Walter Riggs, Esq., M.I.E.E., and published by the British Electrical Development Association, Inc., 15, Savoy Street, London, W.C. 2.

British Sporting Quarters, 1933.—Published by *British Sporting Agency, Grand Buildings, Trafalgar* Square, London, W.C. 2.

Wholesale Prices for 213 Years, 1720 *to* 1932 *Parts* I and 2.—(1) By G. F. Warren and F. A. Pearson (2) by Herman M. Stoker respectively and published by Ithaca, New York, by the University.

Ores and Their Rock Associates in Peninsular India (A Study in Metallogensis).—Bulletin No. 13. Issued by Mysore Geological Department by P. Sampat Iyengar, M.A., and printed at the Government Press, Bangalore. Price One Rupee.

A Preliminary Note on Varieties of Santalum Album (Linn.), *in Mysore.*—By Venkata Rao K. Badami, L.Ag., Ph.D. (Cantab.) and M. G. Venkata Rao, B.A. Bulletin No. 1. Issued by Mysore Sandal Spike Investigation Committee and printed at the Government Press, Bangalore.

Imperial Institute Annual Report, 1932. Presented by the Director Lt.-Gen. Sir William Furse, K.C.B., D.S.O., to the Board of Governors of the Institute. *Published by Messrs. John Murray, Albemarle Street,* London, W. 1. Price 3*s*. 6*d*. net, by post 3*s*. 9*d*.

Annuaire International de Legislation Agricole XXI Annee 1931.—Issued by Institut International D'Agriculture and printed at and published by International Institute of Agriculture, Rome.

Indisch Verslay, 1932.—II Statistisch Jaarverszicht Van Nederlandsch-Indie overhet Jaar 1931.—[Indian Report 1932.—II Statistical Abstract for N.I.]. Lands Irukkerij. Batavia. Price F. 6.

(Continued from page 590.)

Passengers could also be catered for where there was a good trunk road. Local people could conduct such a system on a co-operative system, it could be run by local boards or municipalities for the benefit *of their people or purely as a business proposition.* While such districts would be catered for and the people would reap a direct benefit the lines would necessarily act as feeders to the established railways greatly increasing their loadings as a result of the encouragement given to cultivators by the additional transport facilities. The experiments have been carried out at a small town called Almatti in the Bijapur District. It has been suggested that the system has been established at a most opportune time when the problem of transporting sugar and sugarcane in the Deccan canals area has been the subject of inquiry as such lines would prove ideal for factories.